Regional Transportation Authority

The six-county public transportation system serving northeastern Illinois

# 2009

## Proposed Operating Budget, Two-Year Financial Plan and Five-Year Capital Program

MOVING BEYOND CONGESTION

# RTA Final Budget Hearing

The Regional Transportation Authority (RTA) is holding a final public hearing to discuss the regional mass transit budget for 2009. The hearing will also address the capital investment needs of the regional transit system.

**Monday, December 15, 2008**
**9:00 a.m.**
The Loop/River Room (2nd floor)
University Center
525 S. State Street
Chicago
(Entrance near State & Congress)

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The meeting is open to the general public and is ADA accessible.
If you require a reasonable accommodation in order to attend a meeting or have questions, please call (312) 913-3153 or TTY (312) 913-3111 at least 2 business days before the meeting.
For more information, visit www.MovingBeyondCongestion.org.

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## Index

# Letter from the Executive Director

Enclosed is a copy of the proposed 2009 Budget and Two-Year (2010-2011) Financial Plan from the Regional Transportation Authority (RTA), which includes the proposed budgets for the Chicago Transit Authority (CTA), Metra and Pace. In January 2008, the General Assembly and the Governor enacted landmark reform and operating funding legislation that allowed the cancellation of massive service cuts, fare increases and layoffs. This 2009 budget reflects the first full year of the implementation of that legislation. It is a compilation of individual budgets of the CTA, Metra, Pace and the RTA (Agency), that still require approval by the RTA Board in December. It is our collective intent to improve transparency and increase accountability in our budgets, and improve public understanding of the costs and benefits of transit to the region.

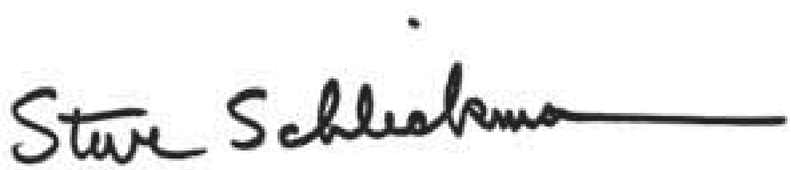
In response to unstable gas prices and severe traffic congestion choking our region, transit ridership is at historic highs. Despite this, the financial challenges facing the transit agencies in 2009 are significant due to a slowed economy, reduced tax revenues, high fuel prices and deteriorating capital infrastructure. This potent combination has forced the CTA and Pace to consider fare increases to help balance their budgets.

While advocating for the funding and reform bill, we always knew that small, periodic fare increases would be necessary. Since 1983, the RTA Act has required that 50% of our funding come from fares and other system generated revenue. Mass transit still remains a tremendous bargain compared with driving. Metra implemented a fare increase earlier this year and the CTA and Pace have proposed to implement increases in 2009.

The regional transit system still faces a serious shortfall in capital funding. The State has not approved a capital infrastructure funding plan since 1999, and we have not received any state capital dollars since 2004. Aged trains and buses, deteriorating tracks and stations, and equipment that has exceeded its useful lifespan all result in higher operating costs. There is a dire need to make capital investments to maintain, enhance, and expand the transit system. With high gas prices, a struggling economy, record-high ridership, and a desire to better protect our environment, the need to invest in transit has never been greater than it is today. The RTA joins with others across Illinois to urge the General Assembly to pass a capital plan that addresses not only transit infrastructure, but roads, bridges, schools and other critical needs.

Thank you once again for your continued support of transit and your partnership in implementing important management and fiscal reforms designed to enhance the coordination and efficiency of the regional transit system. For more information, visit www.MovingBeyondCongestion.org, and consider joining as a Partner for Transit so we can continue to provide you with updates.

Sincerely,



Stephen E. Schlickman
Executive Director, Regional Transportation Authority

# 1 RTA Operating Plan

## Overview

The Regional Transportation Authority (RTA or the Agency) provides funding, planning and fiscal oversight for regional bus and rail operations in northeastern Illinois as set forth by the RTA Act. The Act designates the Agency as the primary public body in the region to secure funds for public transportation. The Agency is authorized to impose taxes in the region, issue debt, and is responsible for the allocation of federal, state and local funds to finance both the operating and capital needs of public transportation in the region.

The RTA Board of Directors governs the Agency. Three independent Service Boards, the Chicago Transit Authority (CTA), Metra commuter rail and Pace suburban bus, have operational (set fares and provide service) responsibility for public transportation within the six-county region and are governed by their own boards of directors. The CTA provides bus and rapid transit rail service in the City of Chicago and neighboring suburbs. Metra provides commuter rail service throughout the six-county region. Pace provides bus service in the suburbs and from the suburbs to the City of Chicago, and Pace is responsible for all ADA paratransit service in the region.

Yearly, the RTA Board must adopt an annual budget, two-year financial plan and a five-year capital program for each Service Board. The principal features of this process are outlined in the following paragraphs.

In September, the RTA Board approves the "marks" for each Service Board. The marks include the recovery ratio for the annual budget, operations funding for the annual budget and two-year financial plan, and the five-year capital program.

The marks guide the Service Boards' budgetary process. Each Service Board prepares and publishes, for public hearing and comment, a comprehensive budget document that is to conform to the RTA marks. After considering public comment, the CTA, Metra and Pace board members adopt their respective budgets.

In November, those budgets are forwarded to the RTA, which consolidates the Agency and the Service Board budgets into a proposed RTA budget document. The RTA distributes this document for public hearing and comment before adoption in December.

### Challenges

A variety of economic and funding challenges will put significant pressure on the RTA and Service Board's budgets in 2009. Many of these problems have already begun to stress the 2008 budget.

Through July 2008, revenues from the old RTA sales tax were nearly $11 million (2.5%) unfavorable to budget and slightly less than sales tax revenues during the first seven months of 2007. In September, the RTA reduced the estimate of total sales tax and Public Transportation Fund (PTF) revenues during 2008 by $11 million. The value of taxable sales in 2009 is not expected to exceed that of 2008. Traditionally, the RTA sales tax has grown on average by more than 3% per year.

State legislation that provided free travel on public transportation to seniors 65 and older living in the RTA service area and to people with disabilities enrolled in the State Circuit Breaker program will result in an annual reduction in farebox revenue of approximately $40 million. The RTA supports efforts to improve mobility options for all residents in our region and the State, especially those of the elderly and the disabled. However, the loss of fares represents approximately 3% of annual Service Board revenue.

Rising motor fuel costs were nearly $14 million unfavorable to budget through July 2008 and $34 million greater than during the first seven months of 2007. Despite recent declines in gasoline prices, fuel costs in 2009 are expected to be $50 million greater than previously estimated.

The RTA is working in support of State legislation for comprehensive, long-term capital funding for public transportation. Without capital funding to replace or overhaul aging rolling stock, renovate deteriorating facilities, and upgrade outdated signal and communications equipment, maintenance costs are expected to increase at least $50 million in 2009.

Continued tight credit conditions and the enduring housing recession have reduced both the number of homes sold and the average sales price. During the first three quarters of 2008, the value of real estate transactions in the City of Chicago declined by almost one-third compared to the first nine months of 2007. Since April, when the Real Estate Transfer Tax (RETT) in the City of Chicago was increased to fund the CTA, the value of real estate transactions in the City of Chicago has declined by approximately one-half compared to the corresponding period in

2007. RETT receipts and the corresponding PTF are expected to be at least $25 million lower than previously estimated. Combined, these budget pressures reach nearly $200 million. (Exhibit 1-1)

## Budget and Financial Plan

A consolidated RTA statement of revenue and expenditures from 2008 through 2011 is presented in Exhibit 1-2. The discussions that follow correspond to the line items on this schedule.

## Total Revenues

As shown in Exhibit 1-2, total revenues are estimated to grow from $1.4 billion in 2008 to $1.6 billion million in 2011.

Exhibit 1-1: **2009 Budget Pressures** (dollars in millions)

| | |
|---|---|
| Lower than expected sales tax receipts | $10 |
| Revenue loss from Seniors Ride Free | 30 |
| Revenue loss from People with Disabilities Ride Free | 10 |
| Increased fuel costs | 50 |
| Increased maintenance costs from lack of capital funding | 50 |
| Lower than expected Real Estate Transfer Tax receipts | 25 |
| **Total** | **$175** |

## RTA Sales Taxes and Public Transportation Funds (Part I)

RTA sales tax is the primary source of revenue for the RTA. The tax is authorized by Illinois statute, imposed by the RTA in the six-county region of northeastern Illinois and collected by the State.

Exhibit 1-2: **2009 Funding Sources** (dollars in thousands)

| | 2008 Estimate | 2009 Budget | 2010 Plan | 2011 Plan |
|---|---|---|---|---|
| **System-Generated Revenue** | | | | |
| RTA Sales Tax (Part I) | 758,400 | 758,400 | 768,639 | 789,392 |
| RTA Public Transportation Fund (Part I) | 189,600 | 189,600 | 192,160 | 197,348 |
| RTA Sales Tax (Part II) | 248,557 | 281,746 | 285,549 | 293,259 |
| RTA PTF (Part II) | - | 147,688 | 149,682 | 153,724 |
| State Financial Assistance | 116,476 | 116,500 | 116,500 | 116,500 |
| State Reduced Fare Reimbursement | 36,275 | 36,275 | 36,275 | 36,275 |
| Other Revenue | 33,250 | 18,500 | 18,500 | 18,500 |
| **Total Revenue** | **1,382,558** | **1,548,709** | **1,567,305** | **1,604,998** |
| **Operating Expenditures** | | | | |
| RTA Total for CTA operations | 558,832 | 655,753 | 616,605 | 633,550 |
| RTA Total for Metra Operations | 280,100 | 315,860 | 327,200 | 338,810 |
| RTA Total for Pace Suburban Service | 102,441 | 121,807 | 120,251 | 123,498 |
| RTA Suburban Community Mobility Funding for Pace | 20,000 | 19,800 | 20,067 | 20,609 |
| RTA South Suburban Job Access Funding for Pace | 3,750 | 7,500 | 7,500 | 7,500 |
| RTA Total for ADA Paratransit Service | 85,626 | 98,595 | 108,076 | 110,078 |
| RTA Funding for Innovation, Coordination, and Enhancement | 3,851 | 3,812 | 3,912 | 4,019 |
| State Reduced Fare Reimbursement & Sales Tax Interest | 37,975 | 37,975 | 37,975 | 37,975 |
| Agency Administration | 7,499 | 8,784 | 9,100 | 9,500 |
| RTA Regional Services and Programs | 25,063 | 23,375 | 24,200 | 25,100 |
| **Total Operating Expenditures** | **1,125,137** | **1,293,261** | **1,274,886** | **1,310,639** |
| **Debt Service & Capital Expenditures** | | | | |
| Principal and Interest for Service Board Capital Programs | 183,300 | 183,300 | 183,300 | 183,300 |
| Regional Technology and Agency Capital | 1,870 | 4,566 | 4,600 | 4,500 |
| RTA Funding for Innovation, Coordination, and Enhancement | 6,149 | 6,088 | 6,121 | 6,285 |
| Transfer Capital - Metra Funds | 30,661 | 53,174 | 46,816 | 45,304 |
| Transfer Capital - Discretionary RTA Funds to CTA | 20,353 | 20,353 | 20,353 | 20,353 |
| **Total Debt Service and Capital Expenditures** | **242,333** | **267,481** | **261,190** | **259,742** |
| **Total Expenditures** | **1,367,470** | **1,560,742** | **1,536,076** | **1,570,381** |
| **Fund Balance** (undesignated/unreserved) | | | | |
| Beginning Balance | 25,848 | 22,642 | 6,707 | 34,436 |
| Change in Fund Balance | 15,088 | (12,032) | 31,229 | 34,618 |
| RTA Funds Reserved for ADA paratransit | (14,374) | (403) | - | - |
| RTA Joint Self-Insurance Fund Funding | (3,920) | (3,500) | (3,500) | (3,500) |
| **Ending Unreserved/Undesignated Fund Balance** | **22,642** | **6,707** | **34,436** | **65,553** |
| % of Total Operating Expenditures | 2.0% | 0.5% | 2.7% | 5.0% |
| Total System-Generated Revenue Recovery Ratio % | 54.8% | 55.3% | n/a | n/a |
| ADA paratransit service Recovery Ratio % | 10% | 10% | n/a | n/a |

The traditional RTA sales tax (sometimes identified in this document as “Old” (or Part I) Sales Tax has been the major source of funding for public transportation in northeastern Illinois for nearly three decades. This sales tax is the equivalent of 1% of sales in Cook County and 0.25% of sales in each of the collar counties (DuPage, Kane, Lake, McHenry and Will counties). The 1% sales tax in Cook County is comprised of 1% of sales of food and drugs and 0.75% of sales of general merchandise, with the State then providing a “replacement“ amount to the RTA equivalent to 0.25% of sales of general merchandise. The RTA retains 15% of the proceeds of the old sales tax for discretionary funding and allocates the remaining 85% to the Service Boards according to a statutory formula based on the sub-region where the sales transaction occurred. Of the remaining amount, the CTA receives 100% of the collections in the City of Chicago and 30% of the collections in suburban Cook County. Metra receives 55% of the collections in suburban Cook County and 70% of the collections in the collar counties. Pace receives 15% of the collection in suburban Cook County and 30% of the collections in the collar counties.

Receipts from the State Public Transportation Fund (PTF) are based on a formula tied to Part I sales tax results. The fund provides the RTA with a 25% match of its sales tax proceeds which means that for every $4 collected in old sales tax the RTA receives an additional dollar in PTF.

## RTA Sales Taxes, Real Estate Transfer Taxes (RETT), and PTF – (Part II)

In January, Illinois Public Act 95-0708 increased the RTA sales tax rate throughout the region, increased the Real Estate Transfer Tax (RETT) in the City of Chicago, and raised the portion of RTA tax revenues matched by PTF (sometimes identified in this document as “New” or Part II Taxes). The RTA sales tax rate was increased 0.25% in Cook County and 0.50% in the collar counties effective April 1, 2008. Proceeds of the sales tax increase in the collar counties are divided evenly between the RTA and the county where the tax is collected. Effective April 1, 2008, the RETT in the City of Chicago was increased by $1.50 per $500 to fund the CTA.

In February 2008, the PTF match of the old RTA sales tax increased from 25% to 30%. In April 2008, the 5% PTF match was applied to the RETT and the RTA portion of the sales tax increase. Beginning in January 2009, the PTF match of both the RETT and the RTA portion of the sales tax increase will rise from 5% to 30%. While the 25% PTF match of the RETT funds only the CTA, the proceeds of the other increases in both the PTF match and the RTA portion of the sales tax fund all three Service Boards as follows: In 2008, $100 million will fund Pace ADA Paratransit Service, $20 million will fund the Suburban Community Mobility Fund for Pace Suburban Service, and $10 million will fund the RTA Innovation, Coordination, and Enhancement (ICE) Fund. In future years, these amounts will vary in proportion to sales tax receipts. The remaining proceeds of the increases in the sales tax and PTF match are allocated 48% to the CTA, 39% to Metra, and 13% to Pace. The legislation also requires that the RTA provide Pace suburban service with RTA South Suburban Job Access Funds in the amount of $3.75 million in 2008 and $7.5 million annually thereafter.

Exhibit 1-3 contains the source and distribution of RTA Part I Sales Tax and Part II sales tax and PTF in the 2009-2011 planning period.

## State Financial Assistance

This revenue source is state-authorized assistance to reimburse the debt service expenses for RTA Strategic Capital Improvement Program (SCIP) bonds. Subject to the appropriation of funds by the state, the RTA will continue to be eligible to receive State Financial Assistance payments. Budgeted receipts for 2009 are $116.5 million.

## Reduced Fare Reimbursement

This operating assistance is partial reimbursement from the State of Illinois to the Service Boards for discounts (mandated by law) provided to students, elderly and disabled riders. The funds are distributed by the state through the RTA and then to the Service Boards. Available funds are projected to be $38.3 million in 2009.

Subsequent to the Service Boards submitting their budgets to the RTA, the Governor signed Senate Bill 1103 reinstating funding in State fiscal year 2009 for reduced fare reimbursement. Since the State fiscal year spans from July 1, 2008, through June 30, 2009, this legislation favorably impacts RTA revenues in both 2008 and 2009.

## Other Revenue

This revenue category includes sales tax interest, investment income, financial transaction receipts, working cash loans, miscellaneous revenue, and grant funds from state and local agencies for regional coordination and technology initiatives. The amount in 2008 includes a working cash loan of $16 million. Total receipts in 2009 are budgeted at $18.5 million.

Exhibit 1-3: **Source & Distribution of RTA Part I Sales Tax & Part II Sales Tax, PTF, and RETT** (dollars in thousands)

| **Source of Funds** | **2009 Budget** | **2010 Plan** | **2011 Plan** |
|---|---|---|---|
| **Part I** | | | |
| **Sales Tax** | | | |
| City of Chicago | 235,862 | 239,047 | 245,501 |
| Suburban Cook County | 399,677 | 405,073 | 416,010 |
| Collar Counties | 122,861 | 124,519 | 127,881 |
| **Total Part I - Sales Tax** | **758,400** | **768,639** | **789,392** |
| **Part II - Sales Tax, PTF & RETT** | | | |
| City of Chicago | 58,966 | 59,762 | 61,375 |
| Suburban Cook | 99,919 | 101,268 | 104,002 |
| Collar Counties | 122,861 | 124,519 | 127,882 |
| **Total Part II - Sales Tax** | **281,746** | **285,549** | **293,259** |
| **Part II - COC Real Estate Transfer Tax (RETT)** (1) | **67,547** | **85,100** | **87,400** |
| **Total Part II - Sales Tax & RETT** | **349,293** | **370,649** | **380,659** |
| **Part II - Public Transportation Funds (PTF)** | | | |
| 25% of Part II Sales Tax | 70,436 | 71,387 | 73,315 |
| 25% of RETT - to CTA | 21,037 | 21,321 | 21,897 |
| 5% Part I & Part II Taxes | 56,215 | 56,974 | 58,512 |
| **Total Part II PTF** | **147,688** | **149,682** | **153,724** |
| **Total Part II - Sales Tax, PTF & RETT** | **496,981** | **520,331** | **534,383** |
| **Total Source of Funds** | **1,255,381** | **1,288,970** | **1,323,775** |
| **Distribution of Funds** | | | |
| **Part I Allocation** | | | |
| RTA - 15% of Part I | 113,759 | 115,297 | 118,411 |
| CTA | 302,401 | 306,483 | 314,757 |
| Metra | 259,951 | 263,460 | 270,573 |
| Pace | 82,288 | 83,399 | 85,651 |
| **Total Part I** | **758,400** | **768,639** | **789,392** |
| **Part II Allocation** | | | |
| Pace ADA Paratransit Service | 98,998 | 100,334 | 103,043 |
| Pace Suburban Community Mobility | 19,800 | 20,067 | 20,609 |
| RTA Innovation, Coordination & Enhancement (ICE) | 9,900 | 10,033 | 10,304 |
| 25% of RETT - to CTA | 21,037 | 21,321 | 21,897 |
| RETT to CTA | 67,547 | 85,100 | 87,400 |
| **Sub Total** | **217,282** | **236,855** | **243,253** |
| **Remaining Balance to Service Boards** | | | |
| CTA - 48% | 134,256 | 136,068 | 139,742 |
| Metra - 39% | 109,083 | 110,556 | 113,541 |
| Pace - 13% | 36,361 | 36,852 | 37,847 |
| **Total Part II** | **496,981** | **520,331** | **534,383** |
| **Total Distribution of Funds** | **1,255,381** | **1,288,970** | **1,323,775** |
| Part I Service Board Allocation Formula (2) | City of Chicago | Suburban Cook | Collar Counties |
| CTA | 100% | 30% | - |
| Metra | - | 55% | 70% |
| Pace | - | 15% | 30% |
| **Total** | **100%** | **100%** | **100%** |

(1) 2009 reflects the amount needed to balance the CTA's budget which is more representative of current economic conditions. The marks amount in 2009 was $84 million. (2) After the RTA's allocation of 15%, the Service Boards receive 85% of the remaining funds, which are allocated to each Service Board based on the percentages shown.

## Total Operating Expenditures

As shown in Exhibit 1-2, total RTA operating expenditures are expected to increase from $1.1 billion in 2008 to $1.3 billion in 2011.

## Operations Funding to Service Boards

The RTA's primary expenditure is the funding of the Service Boards' operating deficits. An operating deficit is the difference between a Service Board's system-generated revenue (farebox and other revenue) and system operating expenditures. Exhibit 1-4 shows funding for Service Board operations in the 2009-2011 planning period. The amount for Pace suburban service includes Suburban Community Mobility Funds and South Suburban Job Access Funds. A discussion of each Service Board's revenues, expenditures, and deficit is provided in the Service Boards Operating Plans Section.

## Innovation, Coordination and Enhancement (ICE)

In January 2008, Illinois Public Act 95-0708 established the Innovation, Coordination and Enhancement (ICE) program, a new competitive funding program (with a $10 million annual appropriation in 2008) to enhance the coordination and integration of public transportation, and to develop and implement innovations to improve the quality and delivery of public transportation. ICE program funds are for operating or capital grants or loans that advance the goals and objectives of the RTA's strategic plan. Eligible recipients include the CTA, Metra, and Pace, as well as transportation agencies and units of local government. In 2008, Metra and Pace were awarded operating funds and the CTA was awarded capital funds for ICE projects that will begin in 2009 (Exhibit 1-5).

## Reduced Fare and Sales Tax Interest

State reduced fare reimbursements are received as revenue by the RTA, as previously described, and flow directly to the Service Boards to help defray program costs. The 2009 budget level is $36.3 million. Subsequent to the Service Boards submitting their budgets to the RTA, the Governor signed Senate Bill 1103 reinstating funding in State fiscal year 2009 for reduced fare reimbursement. Since the State fiscal year spans from July 1, 2008, through June 30, 2009, this legislation impacts RTA expenses in both 2008 and 2009.

Since there is a lag between when the State collects the RTA Sales Tax and when it distributes the funds to the RTA, the RTA receives interest on these holdings and disburses 85 percent of these funds to the Service Boards based on their Sales Tax - Part 1 allocation formula shown in Exhibit 1-3. Payments in 2009 are budgeted at $1.7 million.

## Agency Expense Summary

Spending for the Agency's proposed budget in 2009 totals $36.7 million, which is a 3.5% increase over the 2008 budget of $35.5 million. The increase reflects resources – staff and outside expertise – to implement new legislation and mandates. Historically, the RTA has limited the percent increase in its budget to that of the CTA and Pace. In 2009, the budgets of CTA and Pace are expected to increase by 9.3% and 17.8%, respectively, and Metra's budget is expected to increase by 18.8%.

## Agency Administration, Regional Services and Programs

In 1985, a statutory cap for administrative spending was set at $5 million, with a growth rate of 5 percent per year. Proposed 2009 administrative expenditures of $8.8 million are 45.5% below the cap allowance of $16.1 million.

From a regional perspective, the RTA coordinates and funds several initiatives that bring together public transportation across the region (regional services and programs). Through partnerships with other state and local agencies, the RTA receives external funds that pay a portion of some program costs. Region-wide programs include the Travel Information Center (TIC), ADA certification, the Seniors Ride Free and People with Disabilities Ride Free programs, and the Transit Benefit Fare Program. The RTA also plans to continue to support strategic planning and coordination initiatives which develop transit options in the region, such as sub-regional and corridor plans, community planning programs, and regional coordination programs. Total expenditures proposed for these regional initiatives are $23.4 million.

## Total Debt Service and Capital Expenses

Total expenditures in this classification for the 2009 budget are $267.5 million. Exhibit 1- 2 provides a summary of debt service and capital expense in 2008 through 2011.

Exhibit 1-4: **Funding for Service Board Operations** (dollars in thousands) (6)

| | 2009 Budget | 2010 Plan | 2011 Plan |
|---|---|---|---|
| **RTA Funding Marks for CTA** | | | |
| RTA Sales Tax (Old - Part I) | 302,401 | 306,483 | 314,758 |
| RTA Sales Tax and PTF (New - Part II) | 155,293 | 157,389 | 161,639 |
| RTA Discretionary | 198,059 | 152,733 | 157,153 |
| **Total RTA Funds** | **655,753** | **616,605** | **633,550** |
| RETT - City of Chicago (New Part II) (1) | 67,547 | 75,000 | 90,000 |
| **Total Funding** | **723,300** | **701,705** | **720,950** |
| **CTA Adopted Budget/Financial Plan** | | | |
| Revenue | 601,113 | 638,947 | 668,680 |
| Expense | 1,324,413 | 1,388,738 | 1,476,770 |
| **Deficit** | **723,300** | **749,791** | **788,090** |
| Total Funding vs. Service Board Deficit (2), (3) | - | (58,186) | (64,540) |
| **RTA Funding Marks for Metra** | | | |
| RTA Sales Tax (Old - Part I) | 259,951 | 263,461 | 270,574 |
| RTA Sales Tax and PTF (New - Part II) | 109,083 | 110,555 | 113,540 |
| **Total RTA Funds** | **369,034** | **374,016** | **384,114** |
| **Metra Adopted Budget/Financial Plan** | | | |
| Revenue | 315,800 | 331,400 | 343,300 |
| Expense | 631,660 | 658,600 | 682,110 |
| **Deficit** | **315,860** | **327,200** | **338,810** |
| Total Funding vs. Service Board Deficit (3), (4) | 53,174 | 46,816 | 45,304 |
| **RTA Funding Marks for Pace Suburban Service** | | | |
| RTA Sales Tax (Old - Part I) | 82,288 | 83,399 | 85,651 |
| RTA Sales Tax and PTF (New - Part II) | 36,361 | 36,852 | 37,847 |
| RTA Discretionary | 3,158 | - | - |
| **Sub Total** | **121,807** | **120,251** | **123,498** |
| RTA Suburban Community Mobility | 19,800 | 20,067 | 20,609 |
| South Suburban Community Job Access | 7,500 | 7,500 | 7,500 |
| **Total RTA Funds** | **149,107** | **147,818** | **151,607** |
| CMAQ/JARC Funds | 2,395 | 1,657 | 531 |
| **Total Funding** | **151,502** | **149,475** | **152,138** |
| **Pace Adopted Budget/Financial Plan** | | | |
| Revenue | 54,248 | 56,037 | 58,937 |
| Expense | 204,597 | 213,513 | 223,715 |
| **Deficit** | **150,349** | **157,476** | **164,778** |
| Total Funding vs. Service Board Deficit (3), (5) | 1,153 | (8,001) | (12,640) |
| **RTA Funding Marks for Pace ADA Paratransit Service** | | | |
| Total RTA Sales Tax and PTF (PA 95-0708) | 98,998 | 100,334 | 103,043 |
| Use of RTA Reserves for ADA Paratransit | - | 7,742 | 7,035 |
| **Total Funding** | **98,998** | **108,076** | **110,078** |
| RTA Reserved ADA Paratransit Funds | 14,777 | 7,035 | - |
| **Pace Adopted Budget/Financial Plan** | | | |
| Revenue | 8,558 | 9,042 | 9,554 |
| Expense | 107,153 | 117,118 | 127,176 |
| **Deficit** | **98,595** | **108,076** | **117,622** |
| Total Funding vs. Service Board Deficit (5) | 403 | - | (7,544) |

(1) 2008 reflects the amount needed to balance the CTA's budget which is more representative of current economic conditions. The marks amount in 2008 was $84 million. The amounts in 2010 and 2011 reflect the CTA's estimates versus the RTA marks estimates of $85.1 million and $87.4 million. (2) The CTA's 2010 and 2011 financial plans exceed the RTA marks by the respective amounts of $48 million and $66.4 million, using the RTA's RETT estimates. (3) The Service Board funds for ICE programs, which are used for operations or capital program expenditures, are shown on a separate schedule. (4) Metra's remaining balance, which can be used for operations, is available for capital programming. The figure shown does not include capital farebox receipts of $10 million. (5) Pace's suburban service deficit in 2010 and 2011 exceeds the marks set by the RTA Board by $8 million and $12.6 million respectively; Pace's ADA Paratransit financial plan in 2011 exceeds the RTA's funding mark by $7.5 million. (6) This schedule does not include the Service Boards' ICE funds shown in Exhibit 1-5 which were awarded after the marks were set in September.

Exhibit 1-5: **2009 Innovation, Coordination, and Enhancement (ICE) Projects** (dollars in thousands)

| | Operating | Capital | Total |
|---|---|---|---|
| CTA | | 3,177 | 3,177 |
| Metra | 340 | | 340 |
| Pace | 1,500 | | 1,500 |
| **Service Board Total** | **1,840** | **3,177** | **5,017** |
| Local Agencies | 1,965 | 2,898 | 4,863 |
| **Total Programmed (1)** | **3,805** | **6,075** | **9,880** |
| Carry-Over to 2010 | | | 120 |
| **Total** | | | **10,000** |
| Operating/Capital (2) | 39% | 61% | 100% |

(1) 2009 Innovation, Coordination, and Enhancement (ICE) Projects are funded from the 2008 budget appropriation.
(2) Percentage used to allocate 2009-2011 expenditures.

## Principal and Interest

Principal and interest payments reflect debt services costs related to the general obligation bonds issued by the RTA for Service Board Capital Programs. In 1989, the Illinois General Assembly authorized the RTA to issue a maximum of $500 million of Strategic Capital Improvement Program (SCIP) bonds, and have a maximum of $500 million RTA (non-SCIP) bonds outstanding. Effective January 1, 2000, authorization was amended and the RTA gained approval (Illinois FIRST) to issue an additional $1.3 billion in SCIP bonds and have outstanding an additional $300 million in RTA bonds. The RTA issued the remaining balance of bonds authorized by Illinois FIRST in 2006, and there has not been any new State funding program for capital since Illinois FIRST. The budget for principal and interest expenditures in 2009 is $183.3 million.

## Regional Technology and Agency Capital

The 2009 budget continues to fund region-wide capital-driven technology initiatives and agency programs. Program expenditures include funds for a regional green transit plan, regional transit incident reporting system and data exchange standards, the RTA multi-modal info kiosk, and transit hub system. Through partnerships with other state and local agencies, the RTA receives external funds that pay a portion of these program costs. Other agency capital program initiatives include the implementation of the new Integrated Management System (IMS), the move of the Travel Information Center (TIC), and office renovation. The total 2009 budget for the regional technology and agency capital program is $4.6 million.

## Transfer Capital

Two funding sources cover this category of expense, statutory and the RTA discretionary. If the statutory apportionment of sales tax to a Service Board exceeds its operating budget, the funds which are available for operations can be transferred to their capital program. Statutory transfers in 2009 are expected to be $53.2 million.

Since 1995, the RTA has transferred a portion of its discretionary funds, available for region-wide capital or operating initiatives, to the CTA for capital investment. The funding to the CTA in 2008 for this program was $20.4 million and continues at that level through 2011.

## Total Expenditures

Total RTA expenditures (operating, debt service and capital) for 2009 are budgeted at $1.6 billion (Exhibit 1-2).

## Fund Balance

In 1998, the RTA Board adopted an ordinance establishing a 5% minimum level in the unreserved and undesignated fund balance. If the amount is below 5%, the financial plan must show full replenishment by the end of the current planning cycle.

The percentage is based on total operating expenditures for the year (as shown on Exhibit 1-2). The purpose of the ordinance was to formalize a practice of maintaining a level of available financial resources for funding during unfavorable economic periods. This policy has proved its value as economic growth in recent years has limited the increase of sales tax receipts.

## Beginning Fund Balance

The beginning balance is the amount of funds in the undesignated and unreserved (General Fund) fund balance after the previous year's results have been audited and the accounting records are closed. The beginning balance in 2008 reflects the ending balance from the RTA's 2007 audited results which was $25.8 million.

## Change in Fund Balance

When total RTA revenue is less than the total RTA expenses, it produces an annual change to the fund balance. When the total revenues exceeds the total expenses, the remainder is added to the fund balance. If total expenses exceed total revenues, the fund balance is reduced by the deficit amount. Total expenses in 2009 are expected to exceed total revenue by $12 million (Exhibit 1-2).

### RTA Funds Reserved for ADA Paratransit

As previously discussed, the Illinois Public Act 95-0708 required the RTA to set aside a base appropriation of $100 million from new sales tax in 2008 to fund Pace ADA Paratransit Service. The new legislation also acknowledged that the amount in future years will vary from the baseline amount of $100 million in proportion to the change in the RTA sales tax receipts throughout the region. The amount in 2009 is budgeted at $99 million ($98.6 million to Pace for ADA Paratransit Service with the remaining balance of 0.4 million held in reserve by the RTA for future operating use).

### RTA Joint Self-Insurance Fund (JSIF)

The Joint Self-Insurance Fund (JSIF) is used to finance claims incurred by the Service Boards and the RTA on a cost-reimbursement basis. The fund provides a source from which to borrow to pay for a portion of catastrophic losses and other claims incurred by the Service Boards and the RTA, arising out of personal injuries, property damage and certain other losses. The RTA plans to make a $3.5 million contribution to this fund during the 2009-2011 planning period to help forestall further erosion of the fund. In the meantime, the RTA, the CTA, Metra, and Pace are working to address the long-term financial stability of the plan's fund.

### Ending Fund Balance

The ending fund balance for 2008 is estimated to be $22.6 million. The 2009 budget shows a year-end fund balance estimate of $6.7 million or 0.5% of total operating expenditures. The balance at the end of 2011 is $65.6 million or 5% of the total operating costs as shown on Exhibit 1-2.

### Recovery Ratio

The RTA Act requires the RTA Board to set a recovery ratio for the next fiscal (calendar) year for each Service Board. The RTA Act further requires that the combined revenue from the RTA operations cover at least 50% of the system operating cost.

In meeting the 50% recovery ratio, the RTA Act requires that the revenue figures include all receipts consistent with generally accepted accounting principles with certain specified exceptions. Therefore, the revenue figure used to determine whether the RTA system meets this 50% requirement includes not only all of the items contained in the recovery ratio for the Service Board budgets, but also the net gain on lease/leaseback transactions. The RTA Act, as amended in January 2000 by the Illinois Public Act 95-0708, excludes from the 2008 recovery ratio calculation costs in the amount of $200 million. This exclusion is reduced by $40 million each year thereafter until the exemption is eliminated ($160 million in 2009, $120 million in 2010, $80 million in 2011, and $40 million in 2012). The 2009 proposed budget produces a system-generated revenue recovery ratio that exceeds the mandated 50% (Exhibit 1-6).

### Statutory Compliance

The RTA Act requires that the CTA, Metra and Pace each have a balanced budget; the region's recovery ratio is at least 50%; and the RTA administrative expenditures do not exceed an established statutory cap. The Act also requires that prudent fiscal practice be followed, such as proper cash management, use of reasonable assumptions, and sound accounting and financial practices.

The proposed budgets for the CTA, Metra, Pace suburban service, and Pace ADA Paratransit all meet the 2009 funding and recovery ratio marks set by the RTA Board on September 15, 2008. Metra also meets the 2010 and 2011 funding marks, and Pace ADA Paratransit also meets the 2010 funding mark using current funds and funds reserved from prior years. The 2010 and 2011 financial plans of both the CTA and Pace suburban service and the 2011 financial plan of Pace ADA Paratransit indicate funding needs in excess of those established by the RTA Board. The RTA Act requires that the Service Boards' budgets and financial plans be balanced with no anticipation of funding in excess of what has been established by the RTA.

Exhibit 1-6: **2009 Recovery Ratio**

| | |
|---|---|
| CTA | 50.0% |
| Metra | 55.0% |
| Pace | 36.0% |
| Region | 55.3% |

The regional recovery ratio of 55.3%, using the Service Board marks, includes a statutory expense exclusion of $160 million. Without this exclusion, the regional recovery ratio would be 50.9%, down 4.4% points.

# 2 Service Board Operating Plans

## CTA Overview

The Chicago Transit Authority (CTA) was created by the Illinois State legislature in 1945 and began operations in 1947. It became the sole operator of Chicago transit in 1952 when it purchased the Chicago Motor Coach System. The CTA is the region's largest transit operator providing service on 154 bus routes and eight rapid transit routes (service prior to 2007 and 2008 budget balancing actions). A seven-member Chicago Transit Board governs the CTA.

The 2008 State funding package increased the percentage of State sales tax dedicated to mass transit and gave authority to the City of Chicago to increase the Real Estate Transfer Tax (RETT) to support the CTA. The legislation also provided for long-term pension reforms that will increase the funded ratio of the CTA's pension to 90% by 2059. Despite the new source of revenue, CTA amended it's 2008 budget in July to reflect reduced projected revenues as a result of a sluggish economy, the unanticipated free ride programs, unexpected higher fuel, power and material costs, and the elimination of $32 million in annual reduced-fare subsidy in the last half of 2008 and the first half of 2009. The CTA's 2008 results are based on CTA's amended budget adopted by the CTA Board in July.

The 2009 budget contains fare increases, 396 eliminated positions, and limited capital resources. However, service levels will be maintained, investment in improved customer satisfaction will continue, ongoing removal of slow zones is planned, and new construction projects will be completed.

### System-Generated Revenue

Total system-generated revenue is expected to increase from $545.9 million in 2007 to $688.7 million in 2011. This is an increase of $142.8 million over the four-year period, which is a 6.0 percent average annual increase. System-generated revenue includes: passenger revenue, reduced fare reimbursement, and other revenue (Exhibit 2-1).

Passenger revenue is expected to increase from $457.3 million in 2007 to $565.8 million by 2011, a $108.5 million increase, or a 5.5 percent, annual increase. The growth in passenger revenue is expected

Exhibit 2-1: **CTA 2009 Budget and 2010-2011 Financial Plan (1)** (dollars in thousands)

| **System-Generated Revenue** | **2007 Actual** | **2008 Estimate** | **2009 Budget** | **2010 Plan** | **2011 Plan** |
|---|---|---|---|---|---|
| Passenger Revenue | 457,299 | 466,707 | 519,213 | 533,812 | 565,841 |
| Reduced Fare Subsidy | 33,308 | 32,000 | 16,100 | 32,300 | 32,300 |
| Other Revenue | 55,313 | 49,400 | 65,800 | 72,835 | 90,539 |
| **Total Revenues** | **545,920** | **548,107** | **601,113** | **638,947** | **688,680** |
| **Operating Expenses:** | | | | | |
| Labor | 784,841 | 884,683 | 890,623 | 926,248 | 1,003,000 |
| Material | 84,178 | 89,469 | 94,763 | 96,658 | 98,591 |
| Fuel | 71,181 | 91,095 | 102,852 | 112,109 | 115,472 |
| Power | 28,141 | 38,326 | 39,944 | 41,941 | 42,780 |
| Insurance & Claims | 25,000 | 14,000 | 30,000 | 30,600 | 31,212 |
| Purchase of Security Services | 31,363 | 32,442 | 33,441 | 35,113 | 35,815 |
| All Other | 69,465 | 59,625 | 132,790 | 146,069 | 149,900 |
| **Total Operating Expenses** | **1,094,169** | **1,209,640** | **1,324,413** | **1,388,738** | **1,476,770** |
| **Operating Deficit** | **548,249** | **661,533** | **723,300** | **749,791** | **788,090** |
| **Deficit Funding** | | | | | |
| RTA Sales Tax | 295,098 | 357,208 | 457,697 | 463,872 | 476,397 |
| RTA Discretionary Funds | 169,251 | 201,624 | 198,059 | 152,733 | 157,153 |
| Use of Service Board Funds | - | 20,000 | - | - | - |
| Federal Capital Funds used for Operations (2) | 83,900 | 20,000 | - | - | - |
| Real Estate Transfer Tax | 41,166 | 62,701 | 67,544 | 75,000 | 90,000 |
| Total Deficit Funding | 589,415 | 661,533 | 723,300 | 691,605 | 723,550 |
| Additional funding (3) | - | - | - | 58,186 | 64,540 |
| **Grand Total Deficit Funding** | **589,415** | **661,533** | **723,300** | **749,791** | **788,090** |
| **Recovery Ratio % (4)** | **53.1%** | **49.0%** | **52.7%** | **53.1%** | **53.4%** |

(1) As released by the CTA with exceptions noted. (2) In 2008, the CTA balances its budget using federal capital funds for operatins totalling $20 million. The RTA Board has not approved the use of captal funds for operating purposes in 2008. (3) Public funding that exceeds the marks set by the RTA Board. (4) Items excluded from expenses are for security and POB debt service. Grant revenue and In kind revenues and expenditures from the CPD of $22,000 are included in the recovery ratio.

despite the proposed fare plan in January 2009 due to continuing increases in gasoline prices. Revenue from fares is estimated at $519.2 million in 2009, which is $52.5 million higher than the 2008 forecast.

The Illinois General Assembly passed legislation in 1989 that provided funds to reimburse the CTA for the cost of providing reduced fares for the elderly, students and people with disabilities. The fare reimbursement is included as revenue and became available in July 1989. However, in the state's 2009 fiscal year, which started July 1, 2008, the reimbursement was eliminated. Therefore, in the state's 2009 fiscal year budget, the appropriation for reduced fare for the RTA region is $18.6 million. These funds are split between the three Service Boards based on their reduced fare revenue. The CTA estimates its share at $16.1 million in 2009. The CTA is working with its sister agencies and the RTA to restore the funding which reflects in the plan for 2010 and 2011 as $32.3 million.

The Other Revenue and Investment Income category includes: advertising, charters, concessions, contributions from local governments, investment income, the funding for paratransit services under contract, and other revenue. Revenue for this category was approximately $55.3 million in 2007, and is expected at $90.5 million in 2011

## Operating Expenditures

Total operating expenditures are forecast to increase from $1,094.2 million in 2007 to $1,476.8 million in 2011. This $382.6 million increase equals a 7.8 percent annual increase (Exhibit 2-1).

2008 operating expenditures are estimated at $1,209.6 million. This is 10.5 percent higher than the 2007 actual expense of $1,094.2 million. The increase is due mainly to higher labor, material, fuel, power, and security costs.

Fuel expense for revenue equipment in 2008 is expected to finish at $91.1 million. This is $1.2 million, or 1.3 percent, higher than budget. The 2008 budget assumed an average price of $3.52 per gallon. Fuel prices have been running above budget and are estimated to end the year at an average price of $3.56 per gallon for 25.6 million gallons.

The provision for injuries and damages represents the expense for claims and litigation for injuries and damages that occur on the CTA's property, or with the CTA's vehicles. The 2008 forecast is $14.0 million which is even with budget.

The 2009 expense budget of $1,324.4 million is 9.4 percent higher than the 2008 projected results. The 2010 and 2011 financial projections show operating expenditures of $1,388.7 million and $1,476.8 million, respectively. The 2010 financial projection represents an increase of 4.9 percent over the 2009 operating budget. The 2011 financial projection represents an increase of 6.3 percent over the 2010 plan.

## Deficit and Funding

System-generated revenue (fares and other revenue) generally total slightly less than one-half of the CTA's operating budget, with the remainder (operating deficit) covered by public funding from the RTA. The deficit (total system-generated revenue minus total operating expenditures) for the budget and two-year financial plan (2009-2011) is $723.3 million, $749.8 million and $788.1 million, respectively. The 2008 budget has been balanced by transferring $40.0 million from capital preventive maintenance and prior year positive balance (Exhibit 2-1).

RTA Sales Tax and RTA discretionary funding represent the major sources of public funds to the CTA and are usually slightly less than one-half of the CTA's operating budget.

The RTA Sales Tax is a primary source of the CTA's operating funding. The RTA retains 15 percent of the sales tax funds, and passes on the remaining 85 percent to the service boards. The CTA receives 100 percent of the RTA Sales Tax dollars collected in Chicago and 30 percent of the sales tax dollars collected in suburban Cook County. RTA discretionary funds for the CTA are expected to range between $169.3 million and $157.2 million from 2007 to 2011. Apportionments from the RTA's 15 percent share of the sales tax revenue and the state's public transportation fund (PTF) are the primary source of RTA discretionary funds. CTA's 2010 and 2011 financial plan asks for public funding that exceeds the RTA's funding mark by $58.2 million and $64.5 million respectively.

## Recovery Ratio

The recovery ratio equals total (system-generated) revenue, with statutory and approved adjustments, divided by total operating expenditures, with statutory and approved adjustments. In 2009, the CTA recovery ratio is 52.7 percent exceeding RTA's mark of 50%.

## METRA Overview

Metra was formed in November 1983 as part of the reorganization of the RTA by the State of Illinois. Metra (the commuter rail division) is responsible for the day-to-day operations of the region's commuter rail system including fare and service levels, capital improvements, finances, passenger services, safety, and systems planning. Service is operated by private carriers under contract to Metra and by Metra directly.

The Metra system is comprised of 11 separate lines, which run north, west, and south of the Chicago central business district. The system (not including the South Shore line) extends 488 route-miles to the limits of the six-county area and serves 238 local rail stations in more than 100 communities. Metra provides safe, reliable commuter rail service with an average weekday ridership of 317,200.

### Budget and Financial Plan

In January 2008, the Illinois State Legislature passed a comprehensive proposal to increase funding for public transit operations in the northeastern Illinois through an increase in the sales tax across the region. This legislation has provided much-needed funding to maintain Metra's current level of operations. However, the increase in operations funding is only a part of the solution. Public transportation relies on operations and capital funding. The legislation approved by the Legislature expands the funds available for day-to-day operations but does not address capital funding. Without a state-sponsored capital program, Metra does not possess adequate resources to maintain, upgrade or expand the commuter rail system.

The last state-sponsored capital program (Illinois FIRST) expired in 2004. Without a new capital program, operating costs will grow and Metra will continue to fall behind in its efforts to purchase new or rehab old rail cars and locomotives, replace aging bridges, and renew rail and track.

The funding crisis has forced Metra to come up with some creative and relatively inexpensive ways to address increased ridership. Metra bought back some of their old railcars that were sold to other railroads during less crowded times. To free up more space on trains, Metra eliminated the remaining bar cars and started removing some bathrooms. Metra continues looking for ways to be more efficient and cost-effective.

In 2008, the State also eliminated a promised subsidy to help transit agencies provide free rides for seniors. Still, Metra is committed to maintaining current levels of service and fares for 2009.

### System-Generated Revenues

Total Revenue is expected to increase from $317.5 million in 2008 to $353.3 million in 2011 with an annual compound growth rate of 3.6% (Exhibit 2-2). Metra is not assuming any general fare increase in these projections.

Passenger revenue in 2009 is expected to continue to increase over the 2008 cstimate by $7.6 million or 3.1% as the result of increased ridership due to the higher cost of gasoline and traffic congestion, in 2010 and 2011, Metra estimates a 2% growth rate in each year.

In 2008, the State of Illinois eliminated funding for the reduced fare reimbursement program for its Fiscal Year ending June 30, 2009, an annual reduction to Metra of $3.4 million. Assuming that this program will be restored for the July to December period, Metra budgeted $1.7 million in 2009 and $3.4 million for 2010 and 2011, respectively.

Other revenue, such as capital credits and leases are expected to increase from $61.4 million in 2008 to $77.4 million in 2011. The 2009 budget anticipates higher levels of capital project work than in 2008. This will help to offset the lower levels of investment income expected due to lower interest rates as the result of the recent turmoil in the financial markets.

### Operating Expenses

Total operating expenses are expected to increase from $603.5 million in 2008 to $682.1 million in 2011 with an annual compound growth rate of 4.2% (Exhibit 2-2).

The 2009 budget for base operating expenses, such as transportation, maintenance, risk management & claims, administration, pension, regional services and downtown stations, is 4.1% higher than the 2008 estimates. For the period 2009 through 2011, expenses are estimated to increase in accordance with the terms of contracts and agreements, or with projections of market indices, as they may be applicable.

Exhibit 2-2: **Metra 2008 Estimate, 2009 Budget, and 2010-2011 Financial Plan—**(dollars in thousands)

| **System-Generated Revenue** | **2008 Estimate** | **2009 Budget** | **2010 Plan** | **2011 Plan** |
|---|---|---|---|---|
| Passenger Revenue | $244,400 | $252,000 | $257,200 | $262,500 |
| Reduced Fare Reimbursement | 1,700 | 1,700 | 3,400 | 3,400 |
| Other Revenue (Capital Credits, Leases, etc.) | 61,400 | 62,100 | 70,800 | 77,400 |
| Capital Farebox Revenue | 10,000 | 10,000 | 10,000 | 10,000 |
| **Total Revenues** | **$317,500** | **$325,800** | **$341,400** | **$353,300** |
| **Operating Expenses** | | | | |
| Transportation | $159,600 | $164,000 | $170,340 | $176,840 |
| Maintenance | 204,300 | 212,500 | 220,700 | 229,100 |
| Risk Mgmt. & Claims | 10,800 | 15,800 | 19,500 | 20,200 |
| Administration | 22,800 | 21,950 | 22,710 | 23,400 |
| Regional Services & Downtown Stations | 26,300 | 27,150 | 28,050 | 28,950 |
| Pension | 4,800 | 4,740 | 4,900 | 5,200 |
| Diesel Fuel | 87,400 | 92,560 | 95,100 | 96,320 |
| Security | 15,300 | 16,000 | 17,000 | 18,000 |
| Health Insurance | 56,000 | 59,360 | 62,300 | 65,800 |
| Electricity | 16,200 | 17,600 | 18,000 | 18,300 |
| **Total Operating Expenses** | **$603,500** | **$631,660** | **$658,600** | **$682,110** |
| **Operating Deficit** | **$286,000** | **$305,860** | **$317,200** | **$328,810** |
| **Deficit Funding** | | | | |
| Sales Tax | $307,687 | $369,034 | $374,016 | $384,114 |
| RTA Discretionary | 3,074 | - | - | - |
| Funds Available for Capital | (24,761) | (63,174) | (56,816) | (55,304) |
| **Total Deficit Funding** | **$286,000** | **$305,860** | **$317,200** | **$328,810** |
| **Recovery Ratio % (1)** | **55.9%** | **55.0%** | **55.0%** | **55.0%** |

(1) Recovery ratio revenue includes credits for the senior free rides for 2008-2011 and half year of reduced fare reimbursement not funded by the State of Illinois for 2008-2009. Recovery ratio expense includes the $10 million for capital farebox and exludes costs related to the acquisition and use of transportation facilities, security, and depreciation.

Diesel fuel is one of the most volatile items in Metra's budget. Annual diesel fuel expense has been growing dramatically each year. Fuel has risen from a low $0.79 a gallon in 2004 to an estimated $3.41 for 2008, and is projected at $3.60 for 2009. Total fuel expense was $18.8 million in 2004, and it is estimated to be $87.4 million in 2008, $20 million over a budget that assumed an average of $2.65 per gallon. For 2009 Metra projects a total fuel cost of $92.6 million, which is nearly five times the amount spent in 2004 for diesel fuel. It represents 15% of the total operating expenses in 2009 versus 4% in 2004. The projected annual average prices for diesel fuel in 2010 and 2011 are $3.70 and $3.75 per gallon, respectively.

The 2009 budget for security is $16 million, which is 4.6% above the 2008 estimate of $15.3 million. In 2010 and 2011 security expenses are expected to increase annually from 2009 levels by $1 million.

Health insurance costs in 2008 are projected to be on budget. In 2009 costs are expected to increase by 6% over 2008, with slightly more moderate growth rates of 5% in 2010 and 5.6% in 2011.

Electric power was deregulated in 2007. Metra negotiated favorable power supply contracts which expire in May 2009. For 2009, Metra is budgeting motive power and electric utility costs to increase by $1.4 million or 8.6% over the 2008 estimate. Cost increases are expected to moderate in 2010 and 2011.

## Deficit and Funding

The operating deficit is derived from total system-generated revenue minus total operating expenditures. Metra's 2009 budget deficit is $305.9 million. This deficit is offset by public funding to reach a balanced budget. Metra projects a funding surplus of $63.2 million in 2009, $56.8 million in 2010, and $55.3 million in 2010, which are available for capital programs.

RTA Sales Tax (enacted by 1983 legislation) is the major source of public funds used to cover the budgeted operating deficit. By statute, the RTA retains 15 percent of the sales tax receipts and passes the remaining balance of 85 percent to the Service Boards. Of this remaining amount, Metra receives 55 percent of the RTA Sales Tax dollars collected in suburban Cook County, and 70 percent of the RTA Sales Tax collected in the collar counties.

Illinois Public Act 95-0708, which became effective April 1, 2008, increased the RTA sales tax rate throughout the region, created a real estate transfer tax in the City of Chicago to fund the CTA, and raised from 25% to 30% the portion of RTA tax revenues matched by the State Public Transfer Fund (PTF). With this new funding source Metra's budgeted statutory sales tax receipts are $369.0 million in 2009, $374.0 million in 2010, and $384.1 million in 2011.

### Recovery Ratio

The recovery ratio equals total system-generated revenue (including statutory and approved adjustments), divided by total operating expenditures, with statutory and approved adjustments. The 2009 recovery ratio is 55%, which equals the RTA's mark.

## Pace Suburban Service Overview

Pace was formed in 1983 as part of the reorganization of the Regional Transportation Authority (RTA), and began service in 1984. A thirteen-member board of directors made up of current and former village presidents and mayors and the Commissioner of the City of Chicago Mayor's Office of People with Disabilities governs Pace.

Through 2005, Pace operated bus, vanpool, Dial-A-Ride, and ADA paratransit service in suburban Cook County and the Collar Counties. Effective July 1, 2006, Pace has provided all ADA paratransit service in the RTA region, including the service previously provided by the CTA in the City of Chicago and adjacent suburbs. Beginning in 2007, Pace's revenue and expenditures are separated into suburban service and regional ADA paratransit service. Pace's regional ADA paratransit service is discussed in a separate section.

### System-Generated Revenue

In 2007, Pace's suburban service system-generated revenue totaled $52.2 million. Pace estimates 2008 suburban service system-generated revenue will decline to $52.1 million. Combined increases in farebox revenue, local share, and advertising revenue of $2.2 million are not expected to compensate for reductions in investment income and reduced fare reimbursement totaling $2.3 million. In 2008, fare box revenue is expected to increase 2.6% resulting from fixed route ridership growth and the expansion of Pace's van pool programs. Pace expects this trend to continue in 2009 with farebox revenue growth of 2.5% from existing service plus revenue of $1.9 million from new or expanded service. Pace projects suburban service system-generated revenue of $54.2 million in 2009, $56.0 million in 2010, and $58.9 million in 2011, corresponding to a compound annual growth rate of 4.2%. With uncertainty looming in the State's reduced fare reimbursement program, Pace excluded this source of revenue during the 2009-2011 planning period.

Along with its budget, Pace is taking to public hearing a proposal to increase bus, Dial-A-Ride, and vanpool fares. Pace is also considering not accepting CTA 7-Day Passes, U-Passes, and Visitor/Fun Passes effective January 1, 2009. However, no fare increases or pass acceptance changes are assumed in Pace's revenue or ridership projections.

### Operating Expenditures

In 2007, Pace's suburban service operating expenditures totaled $162.5 million. Pace estimates that in 2008 suburban service operating expenditures will increase 13.3% to $184.2 million, resulting from substantial increases in fuel (63.4%), insurance (44.2%), parts/supplies (19.3%), and purchased transportation (12.0%). Pace projects suburban service operating expenditures will increase 11.1% in 2009 when Pace will launch $7.5 million of new or expanded service. Pace projects suburban service operating expenditures of $204.6 million, $213.5 million, and $223.7 million in 2009, 2010, and 2011, respectively, corresponding to a compound annual growth rate of 4.6%. These expenses include a regional ADA support credit averaging $3.7 million annually that reflects many of the administrative and overhead costs to be incurred throughout Pace in support of regional ADA paratransit service.

### Deficit and Funding

The operating deficits are derived from total system-generated revenue minus total operating expenditures. Although Pace suburban service achieved a funding surplus of $6.1 million in 2007, Pace estimates a suburban service funding deficit of $3.4 million in 2008. Pace projects a funding surplus of $1.2 million in 2009 followed by funding deficits of $8.0 million and $12.6 million in 2010 and 2011, respectively. In 2008, Pace will need to make operating adjustments to achieve a balanced budget. Balancing Pace's 2010 and 2011 financial plan requires an additional $8.0 million and $12.6 million beyond the respective RTA funding mark.

The traditional RTA sales tax is the primary source of funding for Pace suburban service. The RTA retains 15% of these sales tax funds for discretionary funding and allocates the remainder to the Service Boards by statutory formula. Of this remaining amount, Pace receives 15% of the sales tax collected within suburban Cook County and 30% of the sales tax collected in the collar counties. Pace's portion of the traditional RTA sales tax total is estimated to increase 2.0% from $81.2 million in 2007 to $82.9 million in 2008. This amount is projected to decline 0.7% to $82.3 million in 2009 before increasing 1.4% to $83.4 million in 2010 and 2.7% to $85.7 million in 2011. In 2007, Pace also received from the RTA $7.0 million of discretionary funding and $4 million to reimburse Pace for accepting the CTA's 7-Day Pass, U-Pass, and Visitor Fun Passes. The RTA does

Exhibit 2-3: **Pace Suburban Service 2009 Budget and 2010-2011 Financial Plan** (dollars in thousands)

| | 2007 Actual | 2008 Estimate | 2009 Budget | 2010 Plan | 2011 Plan |
|---|---|---|---|---|---|
| **System-Generated Revenue** | | | | | |
| Farebox Revenue (1) | 28,249 | 28,973 | 29,689 | 30,640 | 31,628 |
| Local Share/Other | 14,397 | 15,744 | 16,476 | 17,441 | 19,287 |
| Advertising Revenue | 4,572 | 4,713 | 5,015 | 5,316 | 5,645 |
| Investment Income | 2,230 | 1,361 | 1,193 | 682 | 330 |
| Reduced Fare Reimbursement | 2,704 | 1,291 | - | - | - |
| New Initiatives/Fare Changes | - | - | 1,875 | 1,959 | 2,048 |
| **Total Revenues** (2) | **52,152** | **52,082** | **54,248** | **56,038** | **58,938** |
| **Operating Expenditures** | | | | | |
| Labor/Fringes | 80,895 | 84,769 | 88,429 | 91,257 | 94,412 |
| Health Insurance | 14,737 | 14,780 | 16,412 | 18,267 | 20,331 |
| Parts/Supplies | 5,481 | 6,541 | 6,796 | 6,945 | 7,098 |
| Purchased Transportation | 23,627 | 26,462 | 28,295 | 29,902 | 31,459 |
| Fuel | 16,108 | 26,319 | 29,545 | 29,601 | 30,197 |
| Utilities | 2,376 | 2,693 | 2,992 | 3,145 | 3,293 |
| Insurance | 7,923 | 11,422 | 12,459 | 13,942 | 15,632 |
| Other | 12,704 | 14,588 | 15,728 | 16,318 | 16,952 |
| New Initiatives | - | - | 7,500 | 7,838 | 8,190 |
| ADA Indirect Overhead Credit | (1,340) | (3,422) | (3,559) | (3,701) | (3,849) |
| **Total Expenditures** | **162,511** | **184,152** | **204,597** | **213,514** | **223,715** |
| **Operating Deficit** | **110,359** | **132,070** | **150,349** | **157,476** | **164,777** |
| **Deficit Funding** | | | | | |
| RTA Sales Tax | 81,232 | 82,889 | 82,288 | 83,399 | 85,651 |
| RTA Sales Tax & PTF (PA95-0708) | - | 15,413 | 36,361 | 36,852 | 37,847 |
| RTA Discretionary Funds | 6,960 | 4,139 | 3,158 | - | - |
| RTA Suburban Community Mobility Funds (SCMF) | - | 20,000 | 19,800 | 20,067 | 20,609 |
| RTA South Suburban Job Access Funds | - | 3,750 | 7,500 | 7,500 | 7,500 |
| RTA Pass Reimbursement (3) | 4,000 | - | - | - | - |
| CMAQ/JARC/New Freedom | 1,645 | 2,459 | 2,395 | 1,657 | 531 |
| Federal 5307 Funds (4) | 22,585 | - | - | - | - |
| **Total Deficit Funding** | **116,422** | **128,650** | **151,502** | **149,475** | **152,138** |
| **Funding Surplus (Deficit)** | **6,063** | **(3,420)** | **1,153** | **(8,001)** | **(12,639)** |
| **Recovery Ratio %** (5) | **36.0%** | **36.0%** | **36.0%** | | |

(1) Includes fixed route, vanpool, Dial-ARide, Ride DuPage, Ride in Kane, and other services. (2) Excludes ADvAntage Program--in-kind revenue and expense (of equal amount) that are included in Pace's recovery ratio calculation. (3) Pass reimbursement is considered revenue for Pace's recovery ratio calculation. (4) Federal Section 5307 funding (preventive maintenance and ADA complimentary) transferred from the capital program to operations. (5) The recovery ratio in 2007 includes ADvAntage program--in-kind revenue and expense credits (of equal amount). The recovery ratio in 2008 includes ADvAntage program--in-kind revenue and expense credits (of equal amount), as well as revenue credits for lost revenue from the Seniors Ride Free program and for accepting the CTA 7-Day Pass, U-Pass, and Visitor/Fun Passes. The recovery ratio in 2009 meets the 36% mark set for Pace by the RTA Board on September 15, 2008.

not plan to fund Pace to accept these CTA passes after 2007. The RTA expects to provide Pace with discretionary funds in the amount of $4.1 million in 2008 and $3.2 million in 2009. The RTA does not plan to provide discretionary funding to Pace after 2009. In 2007, federal funding for Pace suburban service operations included $22.6 million of Section 5307 funds transferred from Pace's capital program and $1.6 million of combined Congestion Mitigation Air Quality (CMAQ), Job Access Reverse Commute (JARC) and New Freedom funds. Combined CMAQ, JARC, and New Freedom funds for Pace suburban service are expected to increase to $2.5 million in 2008 before declining to $0.5 million by 2011.

Illinois Public Act 95-0708 increased the RTA sales tax rate throughout the region beginning on April 1, 2008, created a real estate transfer tax in the City of Chicago to fund the CTA, and raised from 25% to 30% the portion of RTA tax revenues matched by the State Public Transfer Fund (PTF). From this new funding source, RTA sales tax & PTF (PA95-0708) and RTA Suburban Community Mobility Funds (SCMF) will increase support for Pace suburban service operations beginning in 2008. RTA sales tax & PTF (PA95-0708) is projected to increase from $15.4 million in 2008 to $37.8 million in 2011. SCMF of approximately $20 million are projected from 2008 through 2011. The legislation also required that the RTA provide Pace suburban service with RTA South Suburban Job Access Funds in the amount of $3.8 million in 2008 and $7.5 million annually thereafter.

The Pace budget and financial plan presented in Exhibit 2-3 satisfy the 2009 RTA funding mark set by the RTA Board on September 15, 2008, but not the 2010 and 2011 funding marks. The marks set the total RTA funding levels at $149.1 million for 2009, $147.8 million for 2010, and $151.6 million for 2011.

### Recovery Ratio

The recovery ratio equals total (system-generated) revenue, with statutory and approved adjustments, divided by total operating expenditures, with statutory and approved adjustments. The budget and financial plan presented in Exhibit 2-3 satisfy the 2009 Pace suburban service recovery ratio mark of 36% set by the RTA Board on September 15, 2008.

## ADA Paratransit Overview

Effective July 1, 2006, Pace expanded its operating responsibility for ADA paratransit service to include the CTA service area. Thus, 2008 is the second full calendar year in which Pace will operate this service throughout the RTA region.

### System-Generated Revenue

Pace estimates that regional ADA paratransit farebox revenue will increase 15.9% from $6.2 million in 2007 to $7.2 million in 2008. Regional ADA paratransit ridership is expected to increase 4.4% from 2.6 million in 2007 to 2.7 million in 2008. The Pace Board voted to increase the price of the monthly pass for ADA paratransit service in the CTA service area from $75 to $150 effective February 1, 2008. With the addition of reimbursements from the RTA for transporting paratransit applicants to assessment sites, total regional ADA paratransit revenue is projected to increase 9.3% from $7.0 million in 2007 to $7.7 million in 2008. In 2009, total ADA paratransit revenue is projected to reach $8.6 million with a 10.8% increase in ridership. Pace projects total ADA paratransit revenue of $9.0 million in 2010 and $9.6 million in 2011 with ridership increases of 5.8% in each year. No further fare increases are assumed in Pace's revenue or ridership projections.

### Operating Expenditures

In 2007, Pace's regional ADA paratransit operating expenditures totaled $83.7 million. Pace estimates suburban service operating expenditures in 2008 will increase 17.5% to $98.3 million, resulting from increases in purchased transportation costs of $9.2 million (14.6%) in the CTA service area and $1.7 million (12.7%) in the suburban service area. The amount of administrative and overhead expenses allocated to the regional ADA paratransit is estimated to increase from $1.3 million in 2007 to $3.4 million in 2008. Total ADA paratransit service operating expenditures of $107.2 million are projected in 2009 with increases in purchased transportation costs in the CTA service area and suburban service area of $5.3 million (7.2%) and $2.5 million (15.9%), respectively. Total operating expenditures are projected to increase 9.3% to $117.1 million in 2010 and 8.6% to $127.2 million in 2011.

## Deficit and Funding

The operating deficits are derived from total system-generated revenue minus total operating expenditures. In 2007, funding for regional ADA paratransit service consisted of State funding of $54.3 million and RTA funding of $19.8 million, resulting in a shortfall of $2.7 million. In 2008, Illinois Public Act 95-0708 allocated to the funding of ADA paratransit service $100 million of the revenue from the increase in the RTA sales tax rate and the increase in the portion of RTA tax revenues matched by the State Public Transfer Fund (PTF). According to the legislation, this amount will vary in future years in proportion to annual RTA sales tax collections, and funding not required for the current year deficit will be applied to regional ADA paratransit operating deficits in future years. Pace estimates that the $85.6 million budgeted for 2008 regional ADA paratransit service will result in a shortfall of $5.0 million.

RTA paratransit funding is projected to increase 15.1% to $98.6 million in 2009, 9.6% to $108.1 million in 2010 and 1.9% to $110.1 million in 2011. In 2009 and 2010, the funding levels are projected to match the corresponding operating deficits. However, in 2011, the operating deficit exceeds by $7.5 million the mark set by the RTA Board on September 15, 2008. This amount combined with the $5.0 million shortfall Pace estimates for 2008 results in a cumulative shortfall of $12.6 million.

The budget and financial plan for ADA paratransit service presented in Exhibit 2-4 meet the 2009 and 2010 funding marks set by the RTA Board on September 15, 2008 but not the 2011 funding mark. The marks set the total funding levels at $98.6 million for 2009, $108.1 million for 2010, and $110.1 million for 2011.

## Recovery Ratio

The recovery ratio equals total (system-generated) revenue, with statutory and approved adjustments, divided by total operating expenditures, with statutory and approved adjustments. The RTA Act requires that regional ADA paratransit service meet a recovery ratio of 10%. Statutory expense exemptions for costs incurred in paying ADA paratransit contractors for their capital expenses provide sufficient relief.

Exhibit 2-4: **Pace Regional ADA Paratransit Service 2009 Budget and 2010-2011 Financial Plan** (dollars in thousands)

| | 2007 Actual | 2008 Estimate | 2009 Budget | 2010 Plan | 2011 Plan |
|---|---|---|---|---|---|
| **System Generated Revenue** | | | | | |
| Farebox revenue | 6,182 | 7,166 | 8,010 | 8,465 | 8,946 |
| RTA Certification Trips | 834 | 500 | 548 | 577 | 607 |
| **Total Revenues** | **7,016** | **7,666** | **8,558** | **9,042** | **9,553** |
| **Operating Expenditures** | | | | | |
| Labor/Fringes | 2,007 | 2,107 | 2,382 | 2,472 | 2,566 |
| Health Insurance | 280 | 266 | 294 | 327 | 364 |
| Administrative Expense | 779 | 1,555 | 1,782 | 1,820 | 1,867 |
| Fuel | 1,498 | 2,269 | 2,644 | 2,614 | 2,631 |
| Insurance/Claims | 428 | 337 | 366 | 409 | 459 |
| RTA Certification | 464 | 500 | 548 | 577 | 607 |
| Suburban ADA Purchased Transportation | 13,678 | 15,411 | 17,866 | 20,420 | 23,340 |
| CTA Service Area ADA Purchased Transportation | 63,230 | 72,462 | 77,713 | 84,777 | 91,492 |
| Indirect Overhead Allocation | 1,340 | 3,422 | 3,559 | 3,701 | 3,849 |
| **Total Expenditures** | **83,704** | **98,329** | **107,154** | **117,117** | **127,175** |
| **Operating Deficit** | **76,688** | **90,663** | **98,595** | **108,076** | **117,622** |
| **Deficit Funding** | | | | | |
| State ADA Paratransit Funding | 54,252 | - | - | - | - |
| RTA Paratransit Funding | 21,758 | - | - | - | - |
| Sales Tax and PTF (PA 95-0708) | - | 100,000 | 98,998 | 100,334 | 103,043 |
| RTA Funds (Reserved)/Used for ADA service | - | (14,374) | (403) | 7,742 | 7,035 |
| **Total RTA Funding** (1) | **76,010** | **85,626** | **98,595** | **108,076** | **110,078** |
| **Funding Surplus/(Deficit)** | **(678)** | **(5,037)** | **-** | **-** | **(7,544)** |
| **Total Funding Requested** (2) | **76,688** | **90,663** | **98,595** | **108,076** | **117,622** |
| (1) Cumulative RTA (PA 95-0708) Fund Balance | N/A | 14,374 | 14,777 | 7,035 | - |
| (2) Cumulative RTA (PA 95-0708) Fund Balance | N/A | 9,337 | 9,740 | 1,998 | (12,581) |
| **Recovery Ratio %** | **8.4** | **10.0** | **10.0** | | |

# 3 Capital Program

## Regional Overview

The RTA Act requires that the capital expenditures of the CTA, Metra and Pace be subjected to continuing review so that the RTA may budget and expend funds available to the region with maximum efficiency. The RTA Board must adopt a five-year capital program every year. The RTA's five-year capital program describes the nature, location, and budget by project and by fiscal year of all anticipated Service Board capital improvements. Public hearings are held in each county in the northeastern Illinois region to inform the public and government officials of the Authority's capital development plans.

The RTA emphasizes the need to preserve and enhance the RTA system's valuable infrastructure. This includes bringing the system's $34.7 billion in assets (as measured in terms of replacement value) to good condition and extending or expanding service when demand is justified and funding available. This translates into a need over $1 billion per year just to maintain and preserve the existing system. In 2005, Congress passed a reauthorization of federal funding for transportation projects. Although this legislation provided an increase over previous levels of funding, it stills leave a substantial shortfall.

In January 2008, the Illinois State Legislature passed legislation which amended the RTA Act. This amendment increased funding for public transit operations, but it did not address capital funding for public transportation in northeastern Illinois. Without a state-sponsored capital program, the Service Boards do not have the resources to maintain, enhance or expand the RTA system.

With funding needs for capital improvements and rehabilitation greatly exceeding expected resources, the RTA and the Service Boards must actively pursue additional funding opportunities to preserve and enhance the economic viability of the RTA system. It is critical that the RTA allocate our available capital resources consistent with long-range plans and short-range needs.

Continued financial support for public transit is vital to the region's economic health. However, the region's current transit needs, based upon bringing the entire system to a state of good repair, continue to outpace projected funding levels. The $34.7 billion asset of trains, buses, vans and stations and tracks belongs to the people of northeastern Illinois.

On April 17, 2008, the RTA approved the 2009 Business Plan Call that included a request for information regarding the Five-Year (2009-2013) Capital Program and Ten-Year (2009-2018) Capital Plan. The Business Plan Call established forms and schedules, assumptions and projections, and information that the RTA requires from the Service Boards in order to execute its responsibilities and authority under the RTA Act. In addition, the Five-Year Capital Program will be developed in concert with RTA Resolution 2008-46 adopted on July 17th that endorsed the work done by the RTA and Service Boards' task forces on the interim capital evaluation process for the 2009 budget. On July 17th, the RTA Board amended the previously adopted Business Plan Call (RTA Ordinance 2008-17) to include a uniform capital process and criteria to use in the 2009 RTA capital plan development.

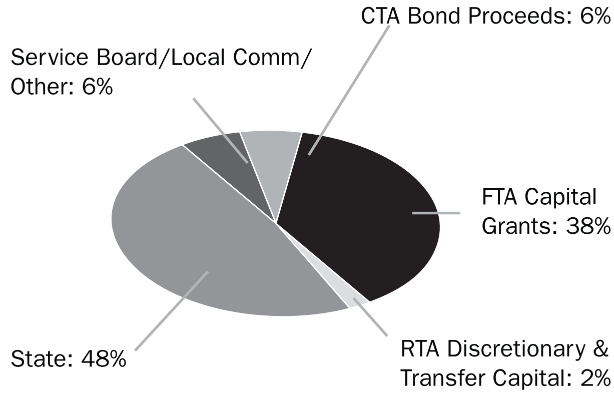
Consistent with the amended RTA Act, the Moving Beyond Congestion Strategic Plan and the recommendations of the management and performance audit by the Illinois Auditor General, the Business Plan Call has been enhanced to provide a more comprehensive evaluation of longer-term operating and capital program trends. The RTA is also developing a comprehensive set of performance measurements that will track and report at a frequency appropriate for each measurement. The Service Boards are to incorporate these measurements in the proposed business plan and capital program documents they provide for public hearing and submit to the RTA in November. As required by the amended RTA Act, the RTA is working with the Service Boards on the development of a new system for prioritizing projects based on regional goals that is intended eventually to replace fixed allocation percentages. The Capital Evaluation task force is reviewing existing processes at the individual Service Boards and selecting and prioritizing common criteria. The use of these common capital criteria represents an interim evaluation process for the development in 2008 of the 2009 Capital Plan – which the RTA Ordinance 2008-44 incorporated into the Business Plan Call for this year. To begin to institute these capital criteria, the Service Boards will evaluate projects for this Capital Program in a review process based on customers' needs. Evaluation criteria included customer and employee safety, reductions to travel time, increased comfort and convenience, system security, impact on system reliability, compliance with regulations and community impact. The development of a regional criteria-based capital investment evaluation process is currently underway as part of the development of a comprehensive update to the Strategic Plan.

## Sources of Funds

The funding sources for the RTA Capital Program include the U.S. Department of Transportation's Federal Transit Administration (FTA), the Illinois Department of Transportation (IDOT), the RTA, and the Service Boards. The total estimated new capital funds available for 2009 are projected at $551.3 million. After deducting $74.7 million to provide for the CTA's repayment of principal and interest on borrowed funds, $476.6 million is available for capital projects. At this time, the final federal appropriation figures for 2009 have not been determined. Once this amount is established, the capital program will be adjusted to reflect the available funding.

On September 15, 2008, the RTA adopted preliminary capital funding marks for 2009-2013. When the RTA adopts its budget on December 18, 2008, these marks will be revised to update various federal and local funding sources based on the latest information from the Service Boards and the RTA. (Exhibits 3-1 and 3-2). Of the estimated $476.6 million of new funding sources for 2009, federal funding accounts for $396.4 million or 83 percent, RTA funds account for $20.3 million or 4 percent, and Service Board and other funds account for $59.9 million or 13 percent (Exhibits 3-3 and 3-4).

Exhibit 3-1: **RTA 2009-2013 Capital Program Marks—** $5 billion




### Federal

The RTA receives federal funds authorized under federal sections 5307, 5340 and 5309 of the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). SAFETEA-LU provides funding for federal surface transportation programs, including transit through federal fiscal year (FFY) 2009. For planning purposes, the RTA preliminary marks assume the continued availability of federal funds in 2010 through 2013. Note, because of reduced balances in the federal Highway Trust Fund, which is the source of money for federal transit funding, and general budget shortfalls, the RTA is cautious regarding future rates of growth. Therefore, the RTA is using the historic annual average growth rate of 4% beyond 2009 for federal formula funds.

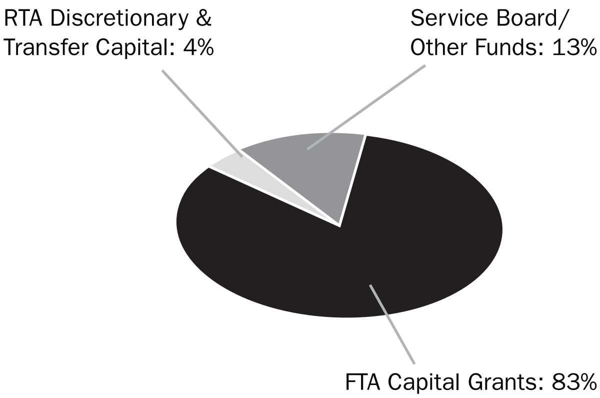
On September 30, 2008, President Bush signed into law a Continuing Resolution (CR) to fund federal agencies until March 6, 2009. The CR funds the Department of Transportation at FFY 2008 levels until the new Congress convenes next year. The CR includes the full FFY 2009 appropriation bill for Homeland Security.

Certain federal funding programs are allocated to urbanized areas based on statuatory defined formulas. The RTA region receives federal Section 5307

Exhibit 3-2: **RTA 2009-2013 Capital Program Marks** (dollars in thousands)

| Service Board Capital Funding | CTA | Metra | Pace | Total | Adjusted total for CTA Principal and Interest |
|---|---|---|---|---|---|
| FTA Capital Grants | 1,376 | 800 | 213 | 2,389 | 1,891 |
| RTA Discretionary & Transfer Capital | 102 | - | - | 102 | 102 |
| State | 1,200 | 1,080 | 120 | 2,400 | 2,400 |
| Service Board/ Local Comm/ Other | 33 | 283 | 2 | 318 | 318 |
| **Total New Service Board Capital Funding** | **$2,711** | **$2,163** | **$335** | **$5,209** | **$4,711** |
| De-obligations | - | - | - | - | - |
| CTA Principal and Interest | (498) | - | - | (498) | - |
| CTA Bond Proceeds | 325 | - | - | 325 | 325 |
| **Total Service Board Available** | **$2,538** | **$2,163** | **$335** | **$5,036** | **$5,036** |

Exhibit 3-3: **Capital Funding in 2009—**$477 million




Urbanized Area Formula funds and federal Section 5309 (m)(2)(B) Fixed Guideway Modernization funds in this fashion. SAFETEA-LU included a new program, federal Section 5340 Growing and High Density States, also distributed by formula that will provide funds to northeastern Illinois. All of these formula-based funds are allocated by the RTA to the Service Boards according to the historical distribution of 58 percent to the CTA, 34 percent to Metra, and 8 percent to Pace. However, while the RTA is using these distribution percentages for the 2009-2013 Capital Program, these amounts may be adjusted based on regional priorities for future programs.

Funds from federal discretionary programs are made available on a competitive basis nationally. The RTA traditionally receives funding from the Section 5309 Discretionary Bus program. The region is expected to receive all funds earmarked for the Service Boards in SAFETEA-LU for this program. The Service Boards will develop projects in the future to compete for additional federal resources.

At this time, with insufficient capital funding, the region must concentrate the Capital Program on the preservation of existing facilities and equipment. Therefore, no New Starts funding for construction will be allocated for the Five-Year programming period. In the event federal funds are available for planning purposes, including Alternatives Analysis and Preliminary Engineering, the marks may need to be revised.

Other Federal Flexible funds, such as the Congestion Mitigation and Air Quality (CMAQ) and Surface Transportation Program (STP) funds, are sought by the Service Boards through a regional competitive process.

In addition, the CTA and Metra have requested to program $6.5 million and $5 million, respectively for each year in the RTA's Five-Year funding marks from the Department of Homeland Security based on amounts they have received in the past for security projects.

Finally, other federal funds will be made available to the region by formula but may be allocated among a variety of agencies, including but not limited to transit operators, on a competitive basis. These programs include the Section 5316 Job Access and Reverse Commute (JARC) Program and Section 5317 New Freedom Program (for services supplemental to ADA requirements). Since projects using funds for these programs will be selected in 2009 based on a competitive selection process led by the RTA, in cooperation with the MPO Policy Committee, no funding marks have been proposed at this time. In 2009, the RTA Capital Program marks will be amended to include JARC and New Freedom funding for capital projects only.

In summary, the 2009 RTA preliminary federal estimates reflecting the SAFETEA-LU legislation are $167.1 million for federal Section 5309 (m)(2)(B )

Exhibit 3-4: **Capital Funding in 2009** (dollars in thousands)

| **Service Board Capital Funding** | **CTA** | **Metra** | **Pace** | **Total** | **Adjusted total for CTA Principal and Interest** |
|---|---|---|---|---|---|
| FTA Capital Grants | 279,775 | 151,584 | 39,704 | 471,063 | 396,361 |
| IDOT Grants | - | - | - | - | - |
| RTA Disrectionary & Transfer Capital | 20,353 | - | - | 20,353 | 20,353 |
| Service Board/Other Funds | 6,718 | 51,774 | 1,387 | 59,879 | 59,879 |
| **Total New Service Board Capital Funding** | **$308,846** | **$203,358** | **$41,091** | **$551,295** | **$476,593** |
| De-obligations | - | - | - | - | - |
| CTA Principal and Interest | (74,702) | - | - | (74,702) | |
| **Total Service Board Available** | **$225,426** | **$203,358** | **$41,091** | **$476,593** | **$476,593** |

Fixed Guideway Modernization funds, $244.6 million for federal Section 5307 Urbanized Area Formula funds combined with Section 5340 Growing and High Density States, $30.5 million for federal Section 5309 (m)(2)(A) New Start funds, $5.2 million for federal Section 5309 (m)(2)(C) Bus and Bus Facility funds, $12.2 million for federal flexible including CMAQ and other funds, and $11.5 million for Department of Homeland Security funds for systemwide security projects for the CTA and Metra. Furthermore, the CTA requested to reduce their federal funding by $74.7 million for the payment of debt principal and interest for 2009 and $423.7 million for this purpose in the out years.

## State

State funds historically are awarded to the Service Boards by the Illinois Department of Transportation (IDOT) on a discretionary basis and are used primarily for federal match purposes to ensure that sufficient local funds are made available for critical transit projects in the region. The State of Illinois has historically provided capital support of public transportation in northeastern Illinois. This funding was provided through IDOT's Series B Bond program and RTA's Strategic Capital Improvement Program (SCIP) Bonds. As background, in 1999, the RTA Act was amended as part of Illinois FIRST legislation. The legislation increased the RTA borrowing authority by $1.6 billion for capital infrastructure improvements. This amount included $1.3 billion in authorization for SCIP Bonds. The State of Illinois reimburses the RTA for the principal and interest expense on these bonds. The remaining $300 million represented RTA Bonds for which the RTA does not receive State reimbursement. All of these funds (SCIP and RTA bonds) have been programmed to the Service Boards since 2004. Also, there has been no commitment on the part of the State to fund a major new capital program for public transportation. This means no State Series B Bonds, the traditional source of local match for federal funds, and no successor to the successful SCIP Bond programs. However, the RTA, CTA, Metra and Pace, as well as other supportive partners, are working with members of the General Assembly and the Governor's Administration to secure funding to support this level of investment.

The marks assume $3 billion in state funding will become available beginning with the 2010 budget year, therefore, the 2009-2013 Capital Program includes $2.4 billion in state funding. This amount maintains the same value in today's dollars as the Illinois FIRST program in 1999. These funds are distributed among the Service Boards in the same proportion as has been historically used for RTA bond programs: 50% to the CTA, 45% to Metra and 5% to Pace. This allocation represents a distribution for planning purposes at this time and not a commitment for the future. It must be noted that even the $3 billion of new state funding is unlikely to bring the assets of the region's public transportation system to a state of good repair much less allow investment in capacity improvements to meet market demands.

However, without an adequate State capital program, the transit system will have insufficient funds to maintain, let alone enhance and expand the transit system. The RTA had shown in its Regional Transportation Strategic Plan that $10 billion is needed in order to fully fund all needed system maintenance and to initiate all authorized system expansion projects.

## RTA

Since 1995, the RTA has funded a Transfer Capital (TC) program. Transfer Capital are funds that can be used for operations but have, through cost containment, been reallocated for use on capital improvement projects. A total of $20.4 million has been allocated to transfer capital for the CTA for 2009. The 2010-2013 out-year Capital Program includes $81.4 million for the CTA from Transfer Capital funds.

The RTA discretionary funds are yet another source of capital funding. Discretionary funds, which are the portion of the 15 percent of the RTA Sales Tax receipts that remain after funding RTA Agency operations, can be used to match federal funds or to fully fund Service Board projects. In the past, the RTA has used these discretionary funds to address the backlog of unfunded capital needs. In the last several years, due to limited RTA Sales Tax receipts, the RTA deferred an allocation of any discretionary funds to the Service Boards for capital projects and the funds have been used primarily to fund operations.

## Service Boards

Five-Year funding for this category includes Service Boards' own funds, local community and other non-traditional funding from state and federal agencies based on information supplied by the Service Boards. Historically, the Service Boards have occasionally transferred monies from current revenues or fund balances to the Capital Programs. These marks contain estimates provided by the Service Boards of funds that will be available from these sources.

## CTA Financing

The CTA is proposing to borrow funds of $150 million in 2010 and $175 million in 2011 from the proceeds of bonds which would be repaid with future federal formula funds. The CTA will secure all funds and pay for all borrowings from their federal Section 5307 formula funds and federal Section 5309 Fixed Guideway Modernization funds.

## Tollway Revenue Credits

Without the needed new state funds discussed previously, the Service Boards will not have sufficient funds available to provide the entire local match for federal funding in 2009. Therefore, the Service Boards may exercise the toll revenue credit provision that was established in the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), incorporated in TEA-21 and continued in SAFETEA-LU. The toll revenue credit provision permits states to use certain expenditures of toll revenue as a “credit” toward the required local match for certain highway and transit programs. These credits are not actually funds that can be used; rather they are a mechanism to count toll revenues already spent for tollway capital projects as local matching dollars for federal capital funds for transit.

## Use of Funds

The RTA Capital Program increased dramatically in 2000 primarily as a result of the increased funding included in the Illinois FIRST program. The 1999 program totaled $552.7 million. The average funding level from 2000 through the 2004 program was $918.8 million, a 60 percent increase. The CTA, Metra and Pace have responded by significantly increasing their project implementation performance. An average of $418 million was obligated annually by the Service Boards from 1995 through 1999. From 2000 through 2008 (estimated), the Service Boards have awarded an annual average of $806 million in contracts. Project spending has also increased substantially, from an average of $420 million per year from 1995 through 1999 to $801 million from 2000 through 2008 (estimated). Exhibits 3-5 and 3-6 illustrate these trends. These results show that the Service Boards are putting the monies available to good use, providing benefits to public transportation riders. Obligations and expenditures for Metra in recent years are showing the effects of the elimination of state funding since 2004 and the diversion of federal monies to operations in 2005 through 2007. The CTA has been able to ameliorate these trends through the issuance of a substantial amount of debt to fund capital projects which must be repaid with future federal funds.

The primary emphasis of the 2009 Capital Program is to continue efforts to bring the system’s assets to a state of good repair. When replacing worn out items, it is imperative to utilize modern technologies that often result in improved functionalities of equipment, facilities and rolling stock. In addition, a balanced capital program is responsive to customer

Exhibit 3-5: **RTA Capital Program Obligations**
(dollars in millions)

| | CTA | Metra | Pace | Total |
|---|---|---|---|---|
| Ave. 1995-1999 | 240 | 154 | 24 | 418 |
| 2000 | 320 | 202 | 55 | 577 |
| 2001 | 322 | 500 | 61 | 883 |
| 2002 | 489 | 473 | 53 | 1,015 |
| 2003 | 599 | 365 | 25 | 989 |
| 2004 | 414 | 351 | 41 | 806 |
| 2005 | 494 | 216 | 37 | 747 |
| 2006 | 536 | 202 | 24 | 762 |
| 2007 | 489 | 109 | 38 | 636 |
| 2008 Estimate | 650 | 180 | 10 | 840 |

Exhibit 3-6: **RTA Capital Program Expenditures**
(dollars in millions)

| | CTA | Metra | Pace | Total |
|---|---|---|---|---|
| Ave. 1995-1999 | 234 | 166 | 20 | 420 |
| 2000 | 277 | 182 | 31 | 490 |
| 2001 | 351 | 316 | 55 | 722 |
| 2002 | 486 | 340 | 35 | 861 |
| 2003 | 477 | 468 | 81 | 1,026 |
| 2004 | 450 | 402 | 26 | 878 |
| 2005 | 351 | 354 | 33 | 738 |
| 2006 | 570 | 257 | 27 | 854 |
| 2007 | 612 | 166 | 35 | 813 |
| 2008 Estimate | 650 | 150 | 25 | 825 |

Exhibit 3-7: **2009-2013 Capital Program Uses**—$5 billion

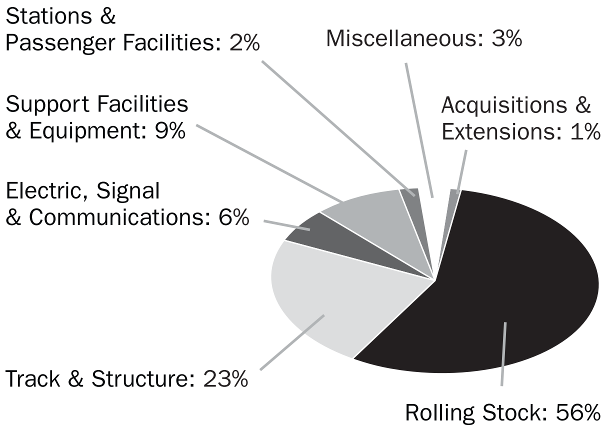



Exhibit 3-8: **2009-2013 Capital Program Uses**
(dollars in thousands)

| **Asset Category** | **CTA** | **Metra** | **Pace** | **Total** |
|---|---|---|---|---|
| Rolling Stock | $1,630 | $1,020 | $183 | $2,833 |
| Track & Structure | 594 | 537 | | 1,131 |
| Electric, Signal & Communications | 119 | 176 | 26 | 321 |
| Support Facilities & Equipment | 133 | 208 | 101 | 442 |
| Stations & Passenger Facilities | - | 76 | 20 | 96 |
| Miscellaneous | 20 | 139 | 2 | 161 |
| Acquisitions & Extensions | 42 | - | - | 42 |
| Contingencies & Administration | - | 7 | 3 | 10 |
| **Totals** | **$2,538** | **$2,163** | **$335** | **$5,036** |

needs and shifting markets by including investment in system expansion. For the 2009 Capital Program, the percent of the budget for capital projects to maintain the system is 89 percent. While the current funding level does not satisfy all needs, an appropriate balance of investment is achieved in light of the current condition of the RTA system.

Investments in the Capital Program can also be broken down by various asset categories. Exhibits 3-7 and 3-8 show that $2.8 billion or 56 percent of the program is spent on rolling stock and $1.1 billion or 23 percent for track and structure which are considered to have the greatest direct impact on transit users. Substantial investment in other infrastructure is also critical to maintaining safe, reliable transportation services.

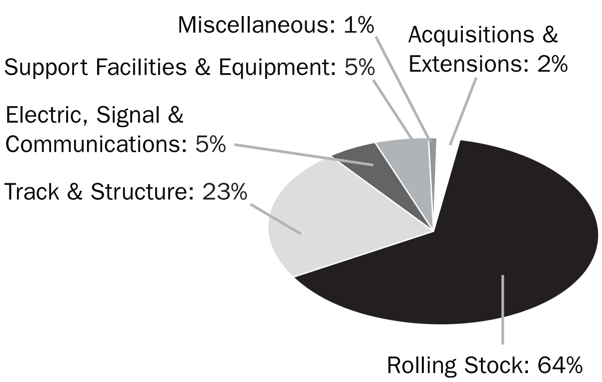
The 2009-2013 Capital Programs for the CTA, Metra, and Pace are presented by major asset categories in Exhibits 3-9—3-12. Some of the more significant projects included in the proposed 2009-2013 capital program are:

- $593.4 million for the repair of CTA track and structure;
- $543.4 million for the purchase of 406 CTA rail cars;
- $488.2 million for the rehabilitation and overhaul of CTA rail cars;
- $364.3 million for the continuation of the purchase of CTA buses;
- $200 million for the rehabilitation and overhaul of CTA buses;
- $133 million for the improvement of CTA facilities;
- $42.3 million for the expansion of the CTA Ravenswood Brown Line;
- $540.5 million to purchase 160 bi-level cars for the Metra Electric District;
- $349.7 million for Metra bridge rehabilitation and renewal;
- $177.1 million for the rehabilitation of Metra commuter rail cars;
- $146.6 million for the construction and renewal of Metra yards, shops and facilities;
- $127 million for the rehabilitation and improvement of Metra locomotives;
- $80 million to purchase 50 bi-level commuter cars;
- $74.6 million for the upgrade of Metra signal systems;
- $86.3 million for the purchase of 261 Pace fixed route buses;
- $42.6 million for the purchase of Pace vans and community vehicles;
- $42 million for improvements to Pace garages and facilities;
- $32.4 million for the purchase of 376 Pace paratransit vehicles;
- $30.5 million for the purchase of a replacement Pace farebox system;
- $20 million for the purchase of a replacement of Pace's fixed route radio system;
- $16.8 million for the construction of Pace passenger and transfer facilities;
- $10.2 million for the purchase of the replacement for the HPe3000 computer system; and
- $4.5 million for the implementation of Transit Signal Priority projects.

## CTA Overview

The proposed projects in the CTA's portion of the 2009-2013 capital program total $2.5 billion. The CTA's portion of the capital program continues the rehabilitation and replacement of their capital assets. The percentage for the general categories of capital improvements of the total program are: rolling stock at 64 percent, track and structure at 23 percent, electric, signal and communications at 5 percent, support facilities and equipment at 5 percent, acquisitions and extensions at 2 percent and miscellaneous at 1 percent. The general categories of capital improvements comprising the CTA's portion of the capital program are illustrated in Exhibit 3-9.

Exhibit 3-9: **CTA Five-Year Assets by Category**—$2,538 million




Highlights of the CTA's portion of the 2009-2013 Capital Program are as follows:

## Rolling Stock

The CTA's portion of the 2009-2013 Capital Program includes $564.3 million in the bus rolling stock category. The CTA's bus fleet consists of approximately 2,100 vehicles. The CTA's portion of the 2009-2013 capital program contains $364.3 million for replacement of overage buses with low-floor, fully accessible and air-conditioned buses. The buses that will be replaced will have reached the industry standard retirement age of 12 years by the end of the five-year program. Continued operation of these buses imposes unnecessarily high maintenance and operating costs and reduces service reliability for the CTA's customers.

In addition, $200 million is budgeted for capital-eligible bus maintenance activities and life extending overhauls over the five-year program with $19.8 million planned in 2009. The CTA will continue its aggressive Bus Capital Maintenance Program to schedule the replacement of parts nearing the end of their useful life. This program will improve the comfort, quality and reliability of the CTA's bus service and will reduce operating expenses by avoiding service disruptions and unscheduled maintenance of buses. Buses placed into service in 1999 through 2004 will be overhauled and returned to a state of good repair.

The rail rolling stock category includes over $1 billion in 2009-2013 to rehabilitate or purchase CTA rail cars. The CTA's rail fleet consists of approximately 1,190 rail cars. The average car in the CTA rail fleet is over 24 years of age in 2008 and approximately 46% of the fleet exceeds the 25-year FTA standard life.

The five-year program includes $543.4 million for the replacement of aging 2200 and 2400 Series rail cars and the purchase of additional cars to meet the service requirements associated with the Brown Line capacity expansion. The CTA is proposing $78.5 million towards the purchase of new rail cars in 2009. Also, the 2009-2013 capital program contains $522.9 million for the CTA systematic maintenance and upgrade of rapid transit rolling stock including the overhaul and mid-life rehabilitation for rail cars. The CTA anticipates new rail cars will be delivered between 2010 and 2012. Until this occurs, the CTA must continue to use the 2200 and 2400 Series cars. The 2200 Series cars have been in service for more than 38 years and the 2400 Series cars have been in service for more than 30 years; both have already exceeded their expected service life. Funding is provided in the proposed program to complete life extending overhauls for the 2200 and 2400 Series cars to permit the CTA to keep them in service until they will be replaced.

In addition, the CTA plans to perform quarter life overhauls for the 2600 Series rail cars and mid-life overhauls of the 3200 rail cars as a part of the program for rail car overhaul and rehabilitation. By performing these scheduled maintenance activities and replacing rail cars at the appropriate time, generally at 25 years of age, the CTA will improve the comfort, quality and service reliability of the rail cars while reducing operating maintenance costs.

## Track and Structure

The track and structure category includes $593.4 million in 2009-2013 to rehabilitate and expand existing rail lines with $9.8 million programmed in 2009 to continue the systematic rehabilitation of the CTA right-of-way, ties, track and structure to reduce slow zone restrictions. The CTA rail system contains over 287.8 total track miles, including yard track. The rail system provides 620,000 rides each weekday; customers depend on the CTA's rail system to deliver them to their destinations quickly and safely. The CTA has committed to an aggressive slow zone rehabilitation schedule. As of October 2008, slow zones on the CTA's system have been reduced to 9.1 percent. While these are considerable achievements, the rest of the CTA's rails and ties are continuing to age. Many of the remaining ties in the subways are past their useful life and will need replacement soon.

### Electrical, Signal, and Communications

The electrical, signal, and communications category totals $119.1 million for the CTA's portion of the proposed five-year program, with $26.1 million programmed in 2009. The CTA's five-year program includes $86.6 million for systemwide replacement and upgrade of signals and power distribution and $32.5 million for systemwide security and communication enhancements. The CTA is proposing $19.6 million for upgrading and replacing the signal system for the entire Dearborn Subway, the Congress Branch and a portion of the O'Hare Branch on the Blue Line, and $6.5 million for security and communication enhancements in 2009.

### Support Facilities and Equipment

The CTA's portion of the 2009-2013 capital program includes $133 million in the support facilities and equipment category with 2009 funding of $13.3 million. During this capital program period, the CTA will make significant progress in increasing rail station accessibility.

The CTA's five-year program includes upgrades and improvements to various CTA facilities that need repair and require security enhancements. A significant number of rail stations and bus turnarounds have not been improved or enhanced in many years and are in need of upgrades that will improve appearance and give customers a greater sense of security. Many roofs and canopies are nearing or are at the end of their service life and require replacement in order to avoid safety hazards and prevent damage to building interiors and roof structures.

### Acquisitions & Extensions

The CTA's portion of the 2009-2013 capital program includes $42.3 million in the acquisition and extensions category in 2009 to complete the funding for the capacity expansion of the Ravenswood Brown Line from Kimball Terminal to Tower 18 in the Loop by extending platforms to accommodate eight-car trains.

## Metra Overview

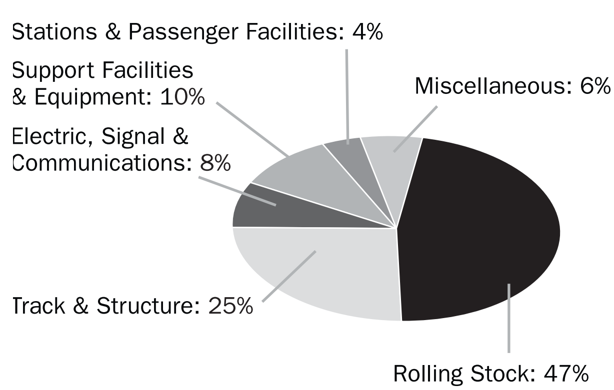
Metra's portion of the proposed 2009-2013 capital program totals $2.2 billion. During this five-year period, Metra will continue to renew its extensive commuter rail infrastructure and replace aging rolling stock. The percentage for the general categories of capital improvements of the total program are: rolling stock at 47 percent; track and structure at 25 percent; electric, signal, and communications at 8 percent; support facilities and equipment at 10 percent; stations and passenger facilities at 4 percent; and contingencies, administration and miscellaneous at 6 percent (Exhibit 3-10).

Highlights of Metra's portion of the 2009-2013 Capital Program are as follows:

### Rolling Stock

The five-year rolling stock program totals $1 billion, with $26.4 million planned for 2009. Metra's fleet includes 144 locomotives, 818 non-electric bi-level cars and 171 electric-propelled highliner cars. In order for Metra to maintain a state of good repair, rail cars must undergo rehabilitation every 15 years, meaning that 50 rail cars per year must go through our rehab program. Without a state capital program, Metra has been able to rehab 23 cars per year since

Exhibit 3-10: **Metra Five-Year Assets by Category** — $2,163 million



2005, resulting in an 18 to 19-year rehabilitation cycle. Metra's locomotives must be rehabbed every ten years to maintain a state of good repair. Currently, that cycle has been extended from 10 to 12 years.

Most pressing is Metra's need to replace 160 highliner cars used on the Metra Electric District. These cars are nearly 40 years old and must be replaced. Replacement costs are currently estimated at $585 million.

In addition to the highliner cars, Metra's five-year capital program calls for the replacement of 50 bi-level gallery cars at $80 million, ten new locomotives at $40 million, the rehab/remanufacture of 130 locomotives at $127 million and the rehab of 213 bi-level cars at $177 million.

## Track and Structure

The track and structure category totals $537.1 million over the five years of the program, with $85.1 million planned for 2009.

Track and structure are the foundation of the Metra system. Without the continual renewal of track components, retaining walls and bridges, Metra's reliable on-time service would decline and the wear and tear on our rail cars and locomotives would increase.

To maintain a state of good repair, Metra has established a continual cycle of inspection and renewal for its track and structures. Metra currently replaces 80,000 ties and 45 rail crossings per year. Ballast and track resurfacing is performed on a 4-year cycle, and since 1980, 82 bridges on the Metra system have been replaced.

Track and structure projects includes $350 million for the replacement of bridges, including 29 on the Union Pacific-North Line that are more than 100 years old. Tie and ballast replacement is set at $48 million, railroad crossing replacement is set at $17 million, rail renewal at $28 million, structural upgrades at $30 million and other improvements at $65 million.

## Electrical, Signal and Communications

A total of $176.4 million is planned for the five-year program for electric, signal and communications projects that include upgrades and improvements to existing facilities such as interlockers, switches, signal systems, and electrical power control facilities. The 2009 program provides $25 million for numerous projects throughout the system.

Signals and communications systems are vital to safe railroad operations. These signal systems are aging and replacement parts are limited in availability. Although the five-year capital program includes $39.6 million to upgrade our signal systems, without a new state program Metra will be unable to sufficiently fund these necessary upgrades.

The Metra system has 534 at-grade crossings, including 148 that are interconnected with traffic signals. Maintaining and upgrading crossing signal systems is also critical for safety. The 2009–2013 program includes $13 million for crossing signal improvements.

The 2009-2013 program also includes $34 million to upgrade interlockings, which will improve operations efficiency and enable increased capacity on the Metra system; $11 million to upgrade electrical substations on the Metra Electric District; and $35 million for the installation of a communications based train control on the Metra Electric District, Milwaukee District and SouthWest Service Lines. Communications-based train control will provide an added level of safety for their train crews and passengers. In addition, $9 million is allocated for passenger communications improvements, including upgrades to the GPS-based train monitoring system.

## Support Facilities and Equipment

The support facilities and equipment category totals $208.7 million for the 2009-2013 planning period, with $17.9 million in the 2009 capital program. Support facilities and equipment includes rail car and locomotive maintenance buildings, storage yards, work crew headquarters, maintenance vehicles and equipment, office buildings, and associated computer hardware and software.

Metra has 18 rail yards and seven maintenance facilities. When Metra took over commuter rail operations in northeastern Illinois in 1984, most of these facilities were out of date and inefficient. Additional capital investments must be made so that Metra can efficiently repair track, service their rail cars and locomotives and respond to failures such as a signal problem or a broken crossing gate. Equipment and vehicles have reached the end of their useful life and must be replaced

Upgrades and expansions are also necessary to accommodate system expansion. The five-year program includes upgrades to the Weldon Yard on the Electric District. These projects can have an immediate impact on Metra's operating budget since operational costs increase when equipment doesn't run at optimum efficiency.

## Stations and Passenger Facilities

Station and parking improvements are some of the most visible capital improvements to our customers. The 2009-2013 Capital Program allocates $75.7 million for station and parking improvements. Due to constraints in capital funding, station improvements are being limited to necessary rehabilitation to maintain the integrity of the facilities and upgrades that meet the requirements of the Americans with Disabilities Act (ADA). Parking improvements will be limited to areas where Metra currently owns property that will enable expansion.

## Miscellaneous, Contingencies and Administration

Metra's portion of the 2009-2013 capital program includes $138.7 million for station studies, project management and oversight, security improvements, advertising, material additives, insurance, support engineering, unanticipated capital, administration and contingencies, with $26 million programmed in 2009.

## Pace Overview

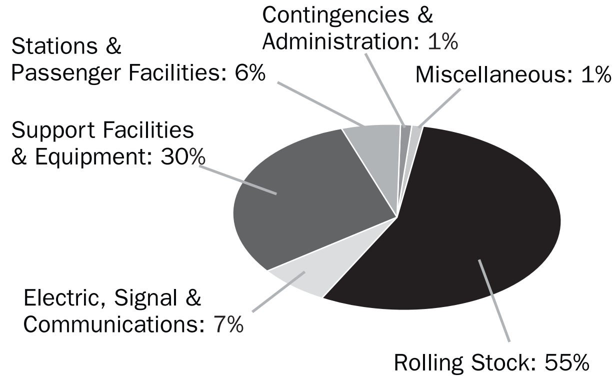
Pace's portion of the proposed 2009-2013 capital program totals $335 million. A majority of the funding is provided for the replacement and expansion of rolling stock. The percentage for the general categories of capital improvements of the total program are: rolling stock at 55 percent; electric, signal and communications at 7 percent; support facilities and equipment at 30 percent; stations and passenger facilities at 6 percent, miscellaneous, contingencies and administration at 2 percent. These allocations are illustrated in Exhibit 3-11.

Highlights of Pace's portion of the 2009-2013 capital program are as follows:

## Rolling Stock

In the five-year capital program, Pace plans to purchase up to 1,664 transit vehicles for replacement and expansion at a cost of $161.3 million. Pace's fleet consists of 702 fully accessible fixed-route buses, 355 fully accessible paratransit vehicles and 789 vanpool vehicles. Pace's 2009 fixed route bus purchase budget of $11.5 million includes the replacement of 37 fixed route buses. The new 30 foot vehicles will replace buses that have exceeded their useful life.

Exhibit 3-11: **Pace Capital Program by Category** — $335 million




In 2012 and 2013, Pace also plans to spend $22.1 million to purchase up to 248 paratransit vehicles. In 2009, Pace plans to spend $10.2 million to purchase up to 128 paratransit buses to replace vehicles that have exceeded four years of useful lives or 100,000 miles of service. These vehicles will replace 112 Eldorado buses and add 16 vehicles to the spare fleet to bring the spare fleet ratio up to 20 percent which is within FTA guidelines. These vehicles will be a combination of buses and vans.

In addition, Pace's portion of 2009-2013 capital program includes $39.9 million for the purchase of vanpool vans. The vanpool program includes 656 vans for the replacement of the vanpool vehicles which have exceeded their useful life and 341 vans for the expansion of service. Pace's vanpool program is comprised of four elements: the Vanpool Incentive Program (VIP), the Corporate Shuttle, the Advantage Program and the Community Transit Program.

Furthermore, this program contains $5.7 million in 2009 to retrofit Detroit Diesel Series 50 engines in existing buses with improved mechanical components and software upgrades that reduce engine exhaust emission through the installation of a diesel multi-stage filter (DMF).

## Electrical, Signal and Communications

Pace's portion of the five-year capital program includes $20 million for the purchase and installation of a new systemwide radio system to replace Pace's existing radio system. The existing system is 13 years old, has exceeded its useful life, and parts are becoming difficult to find. The new radio system will not only save operating money, the technology will provide Pace with better communication coverage.

### Support Facilities and Equipment

Pace proposes to program $101.2 million over five years for support facilities and equipment. Pace's portion of the capital program includes $42 million for critical improvements to facilities such as the replacement of overhead doors and concrete and upgrade of underground storage tanks. The replacement of facility systems and equipment must be addressed based on a life cycle cost approach, otherwise system failures will result in using operating funds for these repairs which will have a negative impact on the operating budget. Pace's proposed out-year capital program includes $30.5 million for the purchase of a replacement farebox system and $1.7 million for the purchase of bus safety equipment. Pace installed the current farebox system in 1994. Parts for the system are now obsolete. Pace is finding that it is becoming more difficult to find replacement parts due to the age of the system. In addition, the proposed capital program includes $6.1 million in 2010-2012 for the continuation of funding for the purchase and installation of a computer system to replace the existing HPe3000 system with $4.1 million proposed for 2009. Phase IV of this project involves implementing the Human Resources module which will replace the legacy human resources system and the legacy safety sub-system. The HPe3000 technology is no longer supported by Hewlett Packard.

### Stations & Passenger Facilities

The five-year program includes $19.8 million for Pace stations and passenger facilities. This funding will provide for improvement to transportation centers and transfer facilities, expansion of the Homewood Park-n-Ride facility and construction of a new Park-n-Ride facility in Plainfield, as well as the purchase of bus stop signs, shelters and other passenger amenities.

### Miscellaneous and Project Administration

The 2009-2013 capital program contains Congestion Mitigation and Air Quality (CMAQ) funding of $1 million for the I-GO Car Share Program. The CMAQ committee has authorized Pace to apply for $1 million to launch an I-Go Car Share Program in the suburbs. Pace will work with the Center for Neighborhood Technology (CNT) in the development of this program. The City of Chicago has a similar program in place since 2002. Pace's CMAQ grant will allow 75 cars to be leased for use in the suburbs. This program has no operating cost impact.

Exhibit 3.12: **CTA Five-Year Capital Program—**(dollars in thousands)

| Project & Title | | Classification | 2009 | 2010-2013 | TOTAL |
|---|---|---|---|---|---|
| **Rolling Stock—Bus** | | | | | |
| 021.803 | Perform Bus Overhaul and Maintenance Activities-- Systemwide | Maintain | 9,274 | 20,353 | 29,627 |
| 021.806 | Perform Mid-Life Bus Overhaul -- Systemwide | Maintain | 10,500 | 159,833 | 170,333 |
| 031.054 | Purchase Replacement Buses (Partial $)-- Systemwide | Maintain | 6,718 | 357,628 | 364,346 |
| | **Subtotal Rolling Stock** | | **26,492** | **537,814** | **564,306** |
| | **Total Bus** | | **26,492** | **537,814** | **564,306** |
| **Rolling Stock—Rail** | | | | | |
| 022.903 | Perform Rail Car Overhaul and Mid-Life Rehabilitation (2200, 2400, 2600, and 3200 Series, Partial $) -- Systemwide | Maintain | 20,669 | 467,547 | 488,216 |
| 022.906 | Perform Rail Car Overhaul Activities -- Systemwide | Maintain | 10,863 | 23,839 | 34,701 |
| 132.056 | Replace a Minimum of 406 Rail Cars (2200 and 2400 Series, Partial $) -- Systemwide | Maintain | 78,527 | 464,880 | 543,407 |
| | **Subtotal Rolling Stock** | | **110,059** | **956,266** | **1,066,325** |
| **Track & Structure—Rail** | | | | | |
| 171.133 | Repair Track and Structure Defects -- Systemwide | Maintain | 9,844 | 21,603 | 31,447 |
| 181.500 | Repair Track and Structure -- Systemwide | Maintain | 0 | 561,915 | 561,915 |
| | **Subtotal Track & Structure** | | **9,844** | **583,518** | **593,362** |
| **Electrical, Signal, & Communications—Rail** | | | | | |
| 121.500 | Replace/Upgrade Power Distribution and Signals -- Systemwide | Maintain | 19,603 | 67,000 | 86,603 |
| | **Subtotal Electrical, Signal, & Communications** | | **19,603** | **67,000** | **86,603** |
| **Acquisitions & Extensions—Rail** | | | | | |
| 194.115 | Expand CTA Ravenswood Line/ Design, Land Acquisition, and Construction/ Ravenswood (Partial $) -- Brown Line | Expand | 42,339 | 0 | 42,339 |
| | **Subtotal Acquisitions & Extensions** | | **42,339** | **0** | **42,339** |
| | **Rail Total** | | **181,845** | **1,606,784** | **1,788,629** |
| **Electrical, Signal, & Communications—System** | | | | | |
| 150.028 | Implement Security & Communication Projects -- Systemwide | Maintain | 6,500 | 26,000 | 32,500 |
| | **Subtotal Electrical, Signal, & Communications** | | **6,500** | **26,000** | **32,500** |
| **Support Facilities & Equipment—System** | | | | | |
| 073.500 | Improve Facilities -- Systemwide | Maintain | 7,116 | 94,971 | 102,087 |
| 073.500 | Provide for Headquarter Lease | Maintain | 6,190 | 24,753 | 30,944 |
| | **Subtotal Support Facilities & Equipment** | | **13,307** | **119,724** | **133,031** |
| **Miscellaneous—System** | | | | | |
| 404.500 | Implement CMAQ Projects -- Systemwide | Maintain | 4,000 | 16,000 | 20,000 |
| | **Subtotal Miscellaneous** | | **4,000** | **16,000** | **20,000** |
| | **System Total** | | **23,807** | **161,724** | **185,531** |
| | **CTA Total** | | **232,144** | **2,306,322** | **2,538,465** |

Exhibit 3-12: **METRA Five-Year Capital Program—**(dollars in thousands)

| Project & Title | | Classification | 2009 | 2010-2013 | TOTAL |
|---|---|---|---|---|---|
| **Rolling Stock—Rail** | | | | | |
| P-121 | Provide Miscellaneous Locomotive Improvements -- MET | Maintain | 3,300 | 3,674 | 6,974 |
| P-112 | Rehabilitate a Minimum of 130 Locomotives -- MET | Maintain | 0 | 127,000 | 127,000 |
| P-104 | Purchase up to 10 Diesel Locomotives -- MET | Maintain | 0 | 40,000 | 40,000 |
| P-141 | Purchase a Minimum of 50 Accessible Bi-Level Commuter Cars (Expansion) - MET | Enhance | 0 | 80,000 | 80,000 |
| P-151 | Rehabilitate Bi-level Commuter Cars --BNSF, MET | Maintain | 14,500 | 162,558 | 177,058 |
| P-161 | Provide for Miscellaneous Rolling Stock Improvements -- MET | Maintain | 842 | 1,952 | 2,794 |
| P-181 | Purchase a Minimum of 160 Accessible Bi-Level Electric Multi-Unit Commuter Cars (Repl., Partial $) -- MED | Maintain | 0 | 540,500 | 540,500 |
| P-183 | Rehabilitate and Improve MU Electric Cars -- MED | Maintain | 750 | 3,445 | 4,195 |
| P-191 | Overhaul Rolling Stock Fleet Components -- MET | Maintain | 7,036 | 34,218 | 41,254 |
| | **Subtotal Rolling Stock Total** | | **26,428** | **993,347** | **1,019,775** |
| **Track & Structure—Rail** | | | | | |
| P-203 | Provide for Rail, Ties, Ballast & Surfacing -- BNSF, MWD, UPR, MET | Maintain | 12,550 | 35,662 | 48,212 |
| P-211 | Provide for Track Improvements -- MET | Maintain | 415 | 6,889 | 7,304 |
| P-215 | Upgrade Crossings (Road and Track) -- MET | Maintain | 3,000 | 13,779 | 16,779 |
| P-221 | Provide for Rail, Ties, Ballast & Surfacing -- UPR, MET | Maintain | 500 | 5,512 | 6,012 |
| P-233 | Provide for Rail Renewal -- BNSF, MED, MWD, RID, SWS, UPR, MET | Maintain | 5,550 | 22,045 | 27,595 |
| P-234 | Improve North Central Service -- NCS | Maintain | 624 | 2,756 | 3,380 |
| P-240 | Provide for Right-of-Way Improvements -- MET | Maintain | 500 | 0 | 500 |
| 3837 | Perform Engineering and Construction for Chicago Regional Environmental and Transportation Efficiency (CREATE) Project -- MET | Enhance | 0 | 20,000 | 20,000 |
| P-250 | Rehabilitate or Replace Bridges -- BNSF, MED, MWD, RID, SWS, UPR, MET | Maintain | 50,100 | 299,581 | 349,681 |
| P-271 | Provide for Structural Improvements -- BNSF, MWD, RID, UPR, MET | Maintain | 9,300 | 12,890 | 22,190 |
| P-281 | Provide for Miscellaneous Right-of-Way Work -- MET | Maintain | 200 | 1,378 | 1,578 |
| P-294 | Rehabilitate Catenary Structure -- MED | Maintain | 400 | 3,445 | 3,845 |
| P-296 | Provide for Station Structural Improvements -- MET | Maintain | 0 | 27,558 | 27,558 |
| P-298 | Provide for Structural Improvements -- MED | Maintain | 2,000 | 459 | 2,459 |
| | **Subtotal Track & Structure** | | **85,139** | **451,954** | **537,093** |
| **Electrical, Signal & Communications—Rail** | | | | | |
| P-301 | Upgrade Signal System -- BNSF, MED, MWD, UPR, MET | Maintain | 10,600 | 28,983 | 39,583 |
| P-301 | Install Communications-Based Train Control (ETMS) -- MED. MWD, SWS | Enhance | 0 | 35,000 | 35,000 |
| P-311 | Upgrade Signal System -- MWD, UPR, MET | Maintain | 1,600 | 11,484 | 13,084 |
| P-321 | Upgrade Interlockers and Crossovers -- RID, UPR, MET | Maintain | 7,200 | 26,766 | 33,966 |
| P-331 | Upgrade Signal System -- BNSF, UPR, MET | Maintain | 500 | 3,215 | 3,715 |
| P-341 | Upgrade Electric Equipment -- MET | Maintain | 0 | 22,244 | 22,244 |
| P-351 | Provide for Electrical System Improvements -- MED, MET | Maintain | 1,500 | 5,278 | 6,778 |
| P-361 | Upgrade Backup and Standby Power -- MET | Maintain | 0 | 3,650 | 3,650 |
| P-371 | Improve Electrical Equipment -- MED, MET | Maintain | 0 | 4,593 | 4,593 |
| P-381 | Purchase Communication Equipment -- MET | Maintain | 2,800 | 6,283 | 9,083 |
| P-391 | Replace Switch Heaters -- UPR, MET | Maintain | 150 | 3,674 | 3,824 |
| P-395 | Replace Signal Batteries and Rectifiers -- MET | Maintain | 150 | 689 | 839 |
| | **Subtotal Electrical, Signal, & Communications** | | **24,500** | **151,858** | **176,358** |
| **Support Facilities & Equipment—Rail** | | | | | |
| P-411 | Improve Yards, Shops and Facilities -- BNSF, MED, MWD, RID, UPR, MET | Maintain | 6,050 | 140,519 | 146,569 |
| P-421 | Upgrade Buildings -- MED, RID, MET | Maintain | 3.100 | 8,070 | 11,170 |
| P-431 | Improve Support Facilities -- MET | Maintain | 500 | 2,296 | 2,796 |
| P-441 | Purchase Equipment and Vehicles -- MET | Maintain | 5,000 | 22,294 | 27,294 |
| P-451 | Purchase Office Support Equipment -- MET | Maintain | 1,270 | 7,429 | 8,699 |
| P-472 | Upgrade Revenue Accounting Systems -- MET | Maintain | 2,000 | 10,129 | 12,129 |
| | **Subtotal Support Facilities & Equipment** | | **17,920** | **190,738** | **208,658** |

(continued on next page)

Exhibit 3-12: **METRA Five-Year Capital Program continued—**(dollars in thousands)

| **Project & Title** | | **Classification** | **2009** | **2010-2013** | **TOTAL** |
|---|---|---|---|---|---|
| **Stations & Passenger Facilities—Rail** | | | | | |
| P-511 | Rehabilitate/Improve Stations -- RID, UPR, MET | Maintain | 11,831 | 0 | 11,831 |
| P-520 | Improve Stations and Parking -- MET | Maintain | 0 | 55,161 | 55,161 |
| P-521 | Construct 35th Street Intermodal Station -- RID | Enhance | 1,129 | 0 | 1.129 |
| P-550 | Expand Commuter Parking -- RID, UPR, MET | Enhance | 2,908 | 0 | 2,908 |
| P-550 | Expand Commuter Parking -- RID, UPR, MET | Maintain | 4,660 | 0 | 4,660 |
| | **Subtotal Stations & Passenger Facilities** | | **20,527** | **55,161** | **75,688** |
| **Miscellaneous—Rail** | | | | | |
| P-741 | Provide Support Activities -- MET | Maintain | 700 | 3,215 | 3,915 |
| P-748 | Conduct Feasibility Study for Kennedy-King and Auburn Park Stations -- RID | Enhance | 68 | 0 | 68 |
| P-766 | Provide for Material Handling -- MET | Maintain | 1,560 | 6,889 | 8,449 |
| P-789 | Improve Metra System Security -- MET | Maintain | 5,000 | 20,000 | 25,000 |
| P-790 | Provide for Project Management -- MET | Maintain | 7,384 | 32,610 | 39,994 |
| P-794 | Provide for Program Support Engineering -- MET | Maintain | 10,000 | 44,490 | 54,490 |
| P-796 | Provide for Unanticipated Capital -- MET | Maintain | 1,248 | 5,512 | 6,760 |
| | **Subtotal Miscellaneous** | | **25,960** | **112,716** | **138,676** |
| **Contingencies & Administration—Rail** | | | | | |
| P-797 | Provide for Project & Grant Administration -- MET | Maintain | 800 | 3,674 | 4,474 |
| P-799 | Provide for Contingencies -- MET | Maintain | 2,085 | 0 | 2,085 |
| | **Subtotal Contingencies & Administration** | | **2,885** | **3,674** | **6,559** |
| | **TOTAL Rail** | | **203,358** | **1,959,448** | **2,162,806** |
| | **Total METRA** | | **203,358** | **1,959,448** | **2,162,806** |

Exhibit 3-12: **Pace Five-Year Capital Program—**(dollars in thousands)

| Project & Title | | Classification | 2009 | 2010-2013 | TOTAL |
|---|---|---|---|---|---|
| **Rolling Stock—Bus** | | | | | |
| 4401 | Purchase a Minimum of 261 Fixed Route Accessible Buses - Systemwide | Maintain | 11,470 | 74,830 | 86,300 |
| 4402 | Purchase a Minimum of 376 Paratransit Vehicles -- Systemwide | Maintain | 10,240 | 22,110 | 32,350 |
| 4403 | Purchase a Minimum of 2 Community Vehicles -- Systemwide | Enhance | 226 | 0 | 226 |
| 4403 | Purchase a Minimum of 28 Community Vehicles -- Systemwide | Maintain | 0 | 2,520 | 2,520 |
| 4404 | Purchase a Minimum of 656 Vanpool Vans (Replacement) -- Systemwide | Maintain | 0 | 13,640 | 13,640 |
| 4404 | Purchase a Minimum of 341 Vanpool Vans (Expansion) -- Systemwide | Enhance | 0 | 26,240 | 26,240 |
| 4406 | Provide for Associated Capital Items -- Systemwide | Maintain | 1,500 | 4,000 | 5,500 |
| 4407 | Provide for Bus Overhaul -- Systemwide | Maintain | 2,000 | 8,000 | 10,000 |
| 4408 | Provide for Diesel Engine Retrofit -- Systemwide | Maintain | 5,685 | 0 | 5,685 |
| | **Subtotal Rolling Stock** | | 31,121 | 151,340 | 182,461 |
| **Electrical, Signal, & Communications—Bus** | | | | | |
| 4126 | Implement Transit Signal Priority Project -- Cermak Road | Enhance | 500 | 0 | 500 |
| 4127 | Implement Transit Signal Priority Project -- Rand Road | Enhance | 181 | 400 | 581 |
| 4128 | Implement Transit Signal Priority Project -- Cicero Avenue | Enhance | 226 | 0 | 226 |
| 4129 | Implement Transit Signal Priority Projects -- South Suburbs | Enhance | 113 | 0 | 113 |
| 4309 | Purchase Replacement Radio System -- Systemwide | Maintain | 0 | 20,000 | 20,000 |
| 4410 | Replace Intelligent Bus System (IBS) and Mobile Data Terminals (MDT) -- Systemwide | Maintain | 0 | 1,000 | 1,000 |
| 4411 | Implement Transit Signal Priority Projects -- Systemwide | Enhance | 0 | 3,500 | 3,500 |
| | **Subtotal Electrical, Signal & Communications** | | **1,019** | **24,900** | **25,919** |
| **Support Facilities & Equipment—Bus** | | | | | |
| 3614 | Purchase and Installation of Replacement for HPe3000 Computer System -- Systemwide | Maintain | 4,100 | 6,100 | 10,200 |
| 4317 | Purchase Bus Equipment -- Systemwide | Maintain | 11 | 0 | 11 |
| 4414 | Purchase Maintenance/ Support Equipment and Vehicles -- Systemwide | Maintain | 840 | 3,120 | 3,960 |
| 4415 | Purchase Bus Safety System -- Systemwide | Maintain | 0 | 1,650 | 1,650 |
| 4416 | Purchase Computer Hardware and Software Systems -- Systemwide | Maintain | 1,000 | 11,400 | 12,400 |
| 4417 | Purchase Office Equipment -- Systemwide | Maintain | 0 | 400 | 400 |
| 4418 | Improve Garages & Facilities -- Systemwide | Maintain | 800 | 41,247 | 42,074 |
| 4420 | Purchase Replacement Farebox System -- Systemwide | Enhance | 0 | 30,500 | 30,500 |
| | **Subtotal Support Facilities & Equipment** | Maintain | **6,751** | **94,417** | **101,168** |
| **Stations & Passenger Facilities—Bus** | | | | | |
| 4318 | Construct Park-N-Ride -- Plainfield | Enhance | 0 | 595 | 595 |
| 4422 | Expand Park-N-Ride -- Homewood | Enhance | 500 | 0 | 500 |
| 4423 | Improve Transportation Centers and Transfer Facilities -- Systemwide | Maintain | 0 | 16,838 | 16,838 |
| 4424 | Install Shelters/ Signs/ Passenger Amenities -- Systemwide | Maintain | 100 | 1,800 | 1,900 |
| | **Subtotal Stations & Passenger Facilities** | | **600** | **19,233** | **19,833** |
| **Miscellaneous—Bus** | | | | | |
| 4426 | Lease Cars for I-GO Car Sharing Program -- Systemwide | Enhance | 1,000 | 0 | 1,000 |
| 4427 | Provide for Unanticipated Capital -- Systemwide | Maintain | 250 | 1,000 | 1,250 |
| | **Subtotal Miscellaneous** | | **1,250** | **1,000** | **2,250** |
| **Contingencies & Administration—Bus** | | | | | |
| 4428 | Provide for Project Administration | Maintain | 350 | 3,010 | 3,360 |
| | **Subtotal Contingencies & Administration** | | **350** | **3,010** | **3,360** |
| | **Total Bus** | | **41,091** | **293,900** | **334,991** |
| | **Total Pace** | | **41,091** | **293,900** | **334,991** |
| | **Grand Total** | | **476,593** | **4,559,669** | **5,036,262** |

## Addendum

On October 23, 2008, the RTA Board approved the RTA 2009 Programs of Projects consistent with legislative mandates and RTA's updated Strategic Plan. Innovation, Coordination and Enhancement (ICE) Program is available to units of local government, transportation agencies and the RTA Service Boards for operating and capital projects that enhance the coordination and integration of public transportation, or that develop and implement innovations to improve the quality and delivery of public transportation. Funding for the program was provided through $10 million from the regional 2008 budget as mandated by the new RTA Act amendments, matched by the project sponsor 50/50% for operating projects and 80/20% for capital projects. This Addendum adds seven capital projects totaling $7.6 million to the previously published Exhibit 3-13, Five-Year Capital Program.

Exhibit 3-13 (Addendum): **CTA Five-Year Capital Program/ICE Projects—**(dollars in thousands)

| **Project & Title** | | **Classification** | **2009** |
|---|---|---|---|
| **Electrical, Signal & Communications—Bus** | | | |
| 073.171 | Purchase/Install Automatic Bay Reading System for Bus Garages -- Systemwide | Enhance | 1,600 |
| 110.014 | Install up to 100 Bus Arrival Signs -- Systemwide | Enhance | 2,371 |
| | **Subtota Electrical, Signal & Communications-Bus** | | 3,971 |
| | **Total for CTA ICE Projects** | | 3,971 |

Exhibit 3.12 (Addendum): **Non-Service Board Five-Year Capital Program/ICE Projects —** (dollars in thousands)

| | | | |
|---|---|---|---|
| **Support Facilities & Equipment-Bus** | | | |
| | Provide for Improvements to Bus Facilities for Circulator Routes -- DuPage County | Enhance | 778 |
| | Purchase Dispatching System for Paratransit Service -- Rich Township | Enhance | 190 |
| | **Subtotal Support Facilities & Equipment-Bus** | | 968 |
| **Stations & Passenger Facilities-Rail** | | | |
| | Provide for Access Improvements at Metra Station -- Village of Riverside | Enhance | 665 |
| | Provide for Station Area Improvements at Oakton Station -- Village of Skokie | Enhance | 1,622 |
| | Provide for Sheltered Bike Parking at CTA and Metra Stations -- City of Chicago | Enhance | 375 |
| | **Subtotal Stations & Passenger Facilities-Rail** | | 2,662 |
| | **Total for Non-Service Board ICE Projects** | | 3,630 |
| | **Grand Total for ICE Projects** | | 7,601 |

# 4 Appendices

Exhibit 4-1A: **System Characteristics**

| Asset Value | 2007 | |
|---|---|---|
| **CTA** | **22.3** | **billion** |
| **Metra** | **11.8** | **billion** |
| **Pace** | **0.6** | **billion** |
| **Total Asset Value** | **34.7** | **billion** |
| **Regional Population** | **8.4** | **million** |
| **Service Area** | **3,749** | **sq. mi.** |
| **Passenger Miles** | **3.9** | **billion** |
| **Vehicle Miles** | **235** | **million** |
| **Stations Served** | **383** | |
| **Vehicles & Routes** | | |
| Buses | 2,806 | |
| Cars & Locomotives | 2,325 | |
| Vanpools Operated | 678 | |
| Rail Routes | 20 | |
| Bus Routes | 382 | |

Exhibit 4-1B: **2007 Population by County** (in thousands)

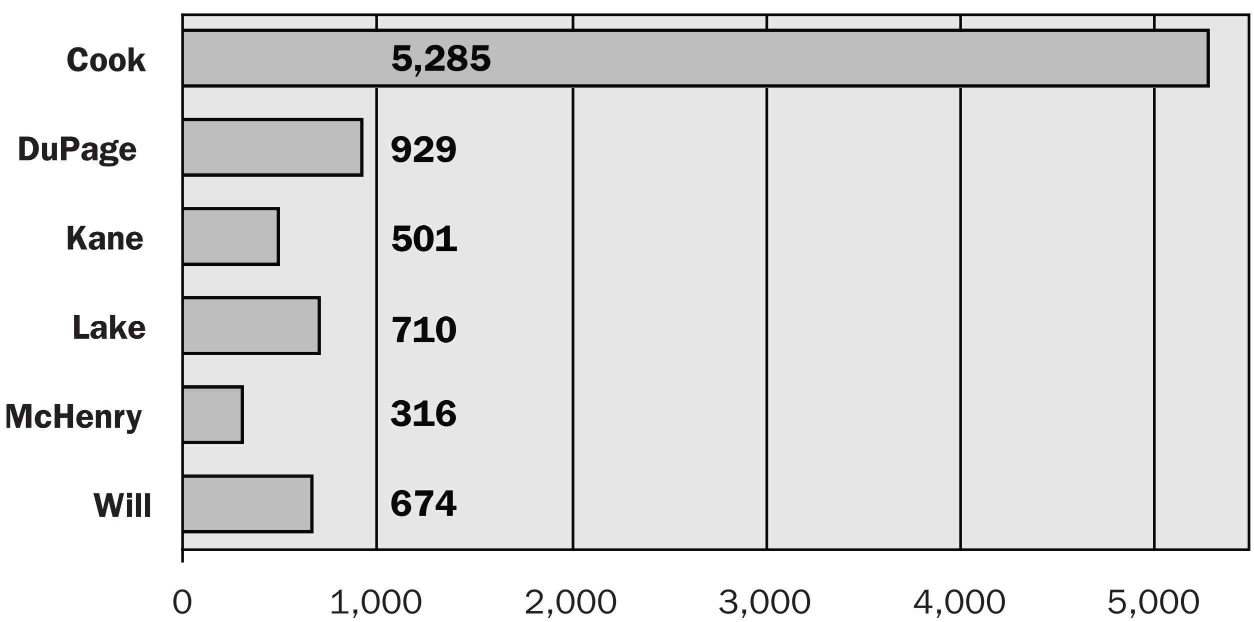


Exhibit 4-2A: **RTA Sales Tax** (dollars in millions)

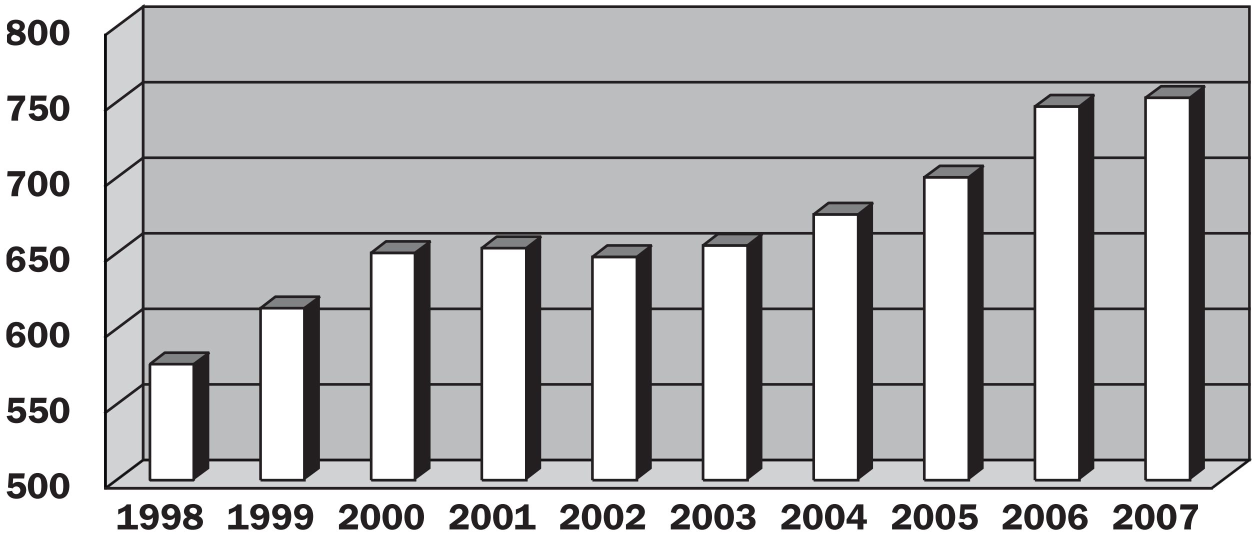



Exhibit 4-2B: **Sales Tax Collections by County** (dollars in millions)

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|---|---|---|---|---|---|---|---|---|---|
| Chicago | 177 | 188 | 199 | 197 | 195 | 198 | 205 | 214 | 231 | 237 |
| Suburban Cook | 315 | 334 | 354 | 358 | 354 | 356 | 364 | 373 | 396 | 395 |
| **Total Cook** | **492** | **521** | **553** | **555** | **549** | **555** | **569** | **587** | **627** | **632** |
| DuPage | 39 | 42 | 43 | 42 | 41 | 41 | 43 | 44 | 47 | 47 |
| Kane | 10 | 11 | 12 | 12 | 12 | 13 | 14 | 15 | 16 | 16 |
| Lake | 20 | 22 | 24 | 25 | 25 | 25 | 26 | 27 | 29 | 29 |
| McHenry | 6 | 7 | 7 | 7 | 7 | 8 | 8 | 9 | 9 | 9 |
| Will | 10 | 11 | 12 | 12 | 13 | 14 | 15 | 17 | 19 | 20 |
| **Total Collar** | **85** | **92** | **97** | **99** | **98** | **100** | **106** | **113** | **120** | **121** |
| **Sales Tax** | **577** | **614** | **650** | **654** | **648** | **655** | **676** | **700** | **747** | **753** |
| *% change* | *3.8%* | *6.4%* | *6.0%* | *0.5%* | *(0.9%)* | *1.1%* | *3.2%* | *3.7%* | *6.6%* | *0.8%* |

Exhibit 4-3A: **RTA Ridership** (in millions)

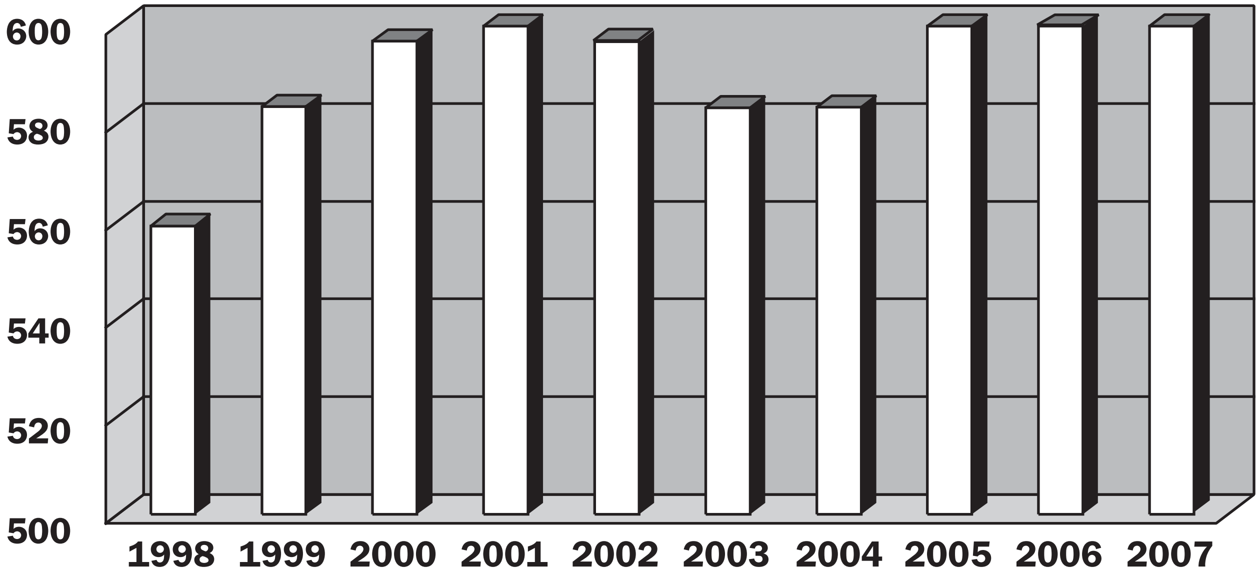



Exhibit 4-3B: **Service Board Ridership** (in millions)

| | **1998** | **1999** | **2000** | **2001** | **2002** | **2003** | **2004** | **2005** | **2006** | **2007** |
|---|---|---|---|---|---|---|---|---|---|---|
| CTA Bus | 292 | 300 | 303 | 303 | 305 | 294 | 296 | 306 | 300 | 309 |
| CTA Rail* | 154 | 167 | 176 | 182 | 180 | 181 | 179 | 187 | 195 | 190 |
| Total CTA | 445 | 467 | 480 | 485 | 485 | 475 | 475 | 492 | 495 | 500 |
| Metra | 75 | 77 | 79 | 79 | 77 | 75 | 74 | 77 | 81 | 84 |
| Pace | 39 | 40 | 39 | 37 | 35 | 34 | 34 | 37 | 38 | 39 |
| **Total RTA** | **559** | **584** | **597** | **601** | **597** | **583** | **583** | **606** | **614** | **623** |
| *% change* | *1.6%* | *4.4%* | *2.3%* | *0.7%* | *(0.7%)* | *(2.3%)* | *0.0%* | *3.9%* | *1.2%* | *1.6%* |

Exhibit 4-4A: **Service Board Operating Expenditures** (dollars in millions)

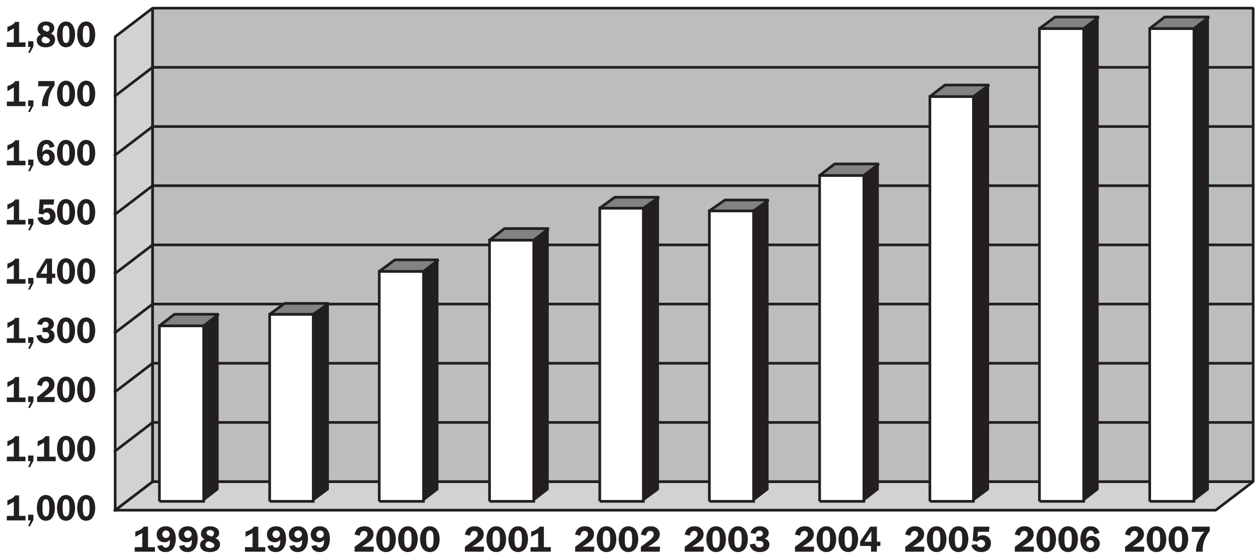



Exhibit 4-4B: **Service Board Operating Expenditures** (dollars in millions)

| | **1998** | **1999** | **2000** | **2001** | **2002** | **2003** | **2004** | **2005** | **2006** | **2007** |
|---|---|---|---|---|---|---|---|---|---|---|
| CTA | 808 | 805 | 851 | 884 | 920 | 897 | 938 | 1,021 | 1,076 | 1,094 |
| Metra | 379 | 397 | 416 | 431 | 445 | 455 | 466 | 504 | 525 | 548 |
| Pace | 111 | 114 | 122 | 127 | 131 | 139 | 147 | 160 | 199 | 246 |
| **Total** | **1,297** | **1,316** | **1,389** | **1,442** | **1,496** | **1,491** | **1,552** | **1,685** | **1,801** | **1,889** |
| *% change* | *1.1%* | *1.4%* | *5.6%* | *3.8%* | *3.7%* | *-0.3%* | *4.1%* | *8.6%* | *6.9%* | *4.9%* |

Exhibit 4-5A: **Service Board Farebox Revenue** (dollars in millions**)**

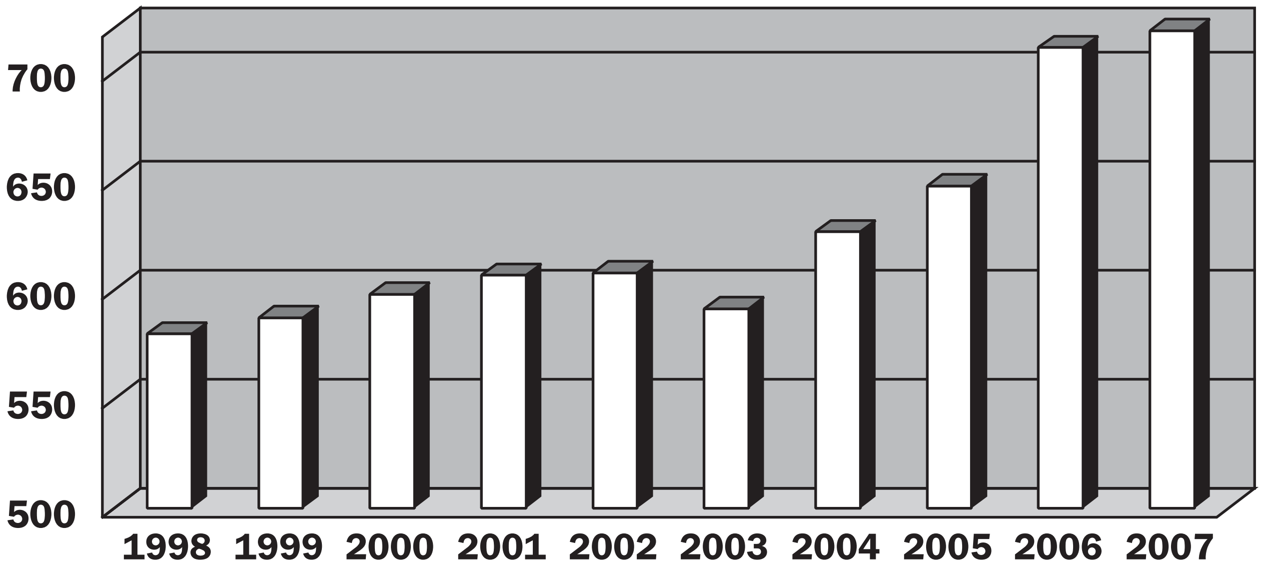
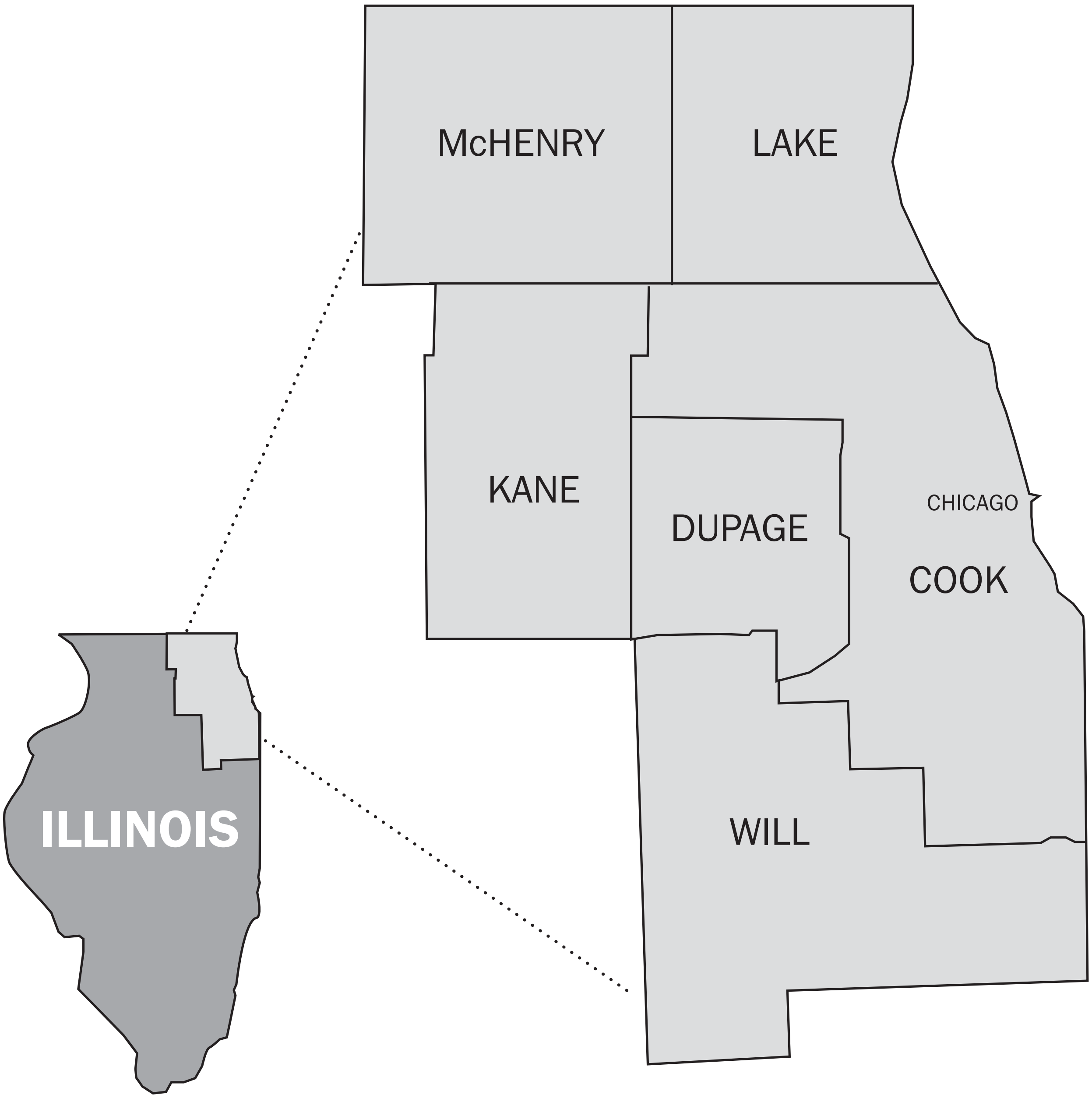



Exhibit 4-5B: **Service Board Farebox Revenue** (in thousands)

| | **1998** | **1999** | **2000** | **2001** | **2002** | **2003** | **2004** | **2005** | **2006** | **2007** |
|---|---|---|---|---|---|---|---|---|---|---|
| CTA | 364 | 366 | 369 | 374 | 384 | 368 | 403 | 417 | 462 | 457 |
| Metra | 181 | 186 | 192 | 192 | 190 | 191 | 192 | 198 | 218 | 227 |
| Pace | 36 | 35 | 37 | 41 | 34 | 32 | 32 | 32 | 31 | 34 |
| **Total** | **580** | **587** | **598** | **607** | **608** | **591** | **627** | **648** | **711** | **719** |
| *% change* | *1.7%* | *1.3%* | *1.8%* | *1.4%* | *0.2%* | *-2.7%* | *6.0%* | *3.4%* | *9.8%* | *1.1%* |

## Six-County Transit Region



Regional Transportation Authority


**RTA Main Office**
175 West Jackson Boulevard, Suite 1550
Chicago, Illinois 60604
(312) 913-3200
www.rtachicago.com

**RTA Customer Service**
165 North Jefferson Street
Chicago, Illinois 60661
(312) 913-3110

**RTA ADA Certification Helpline**
Voice (312) 663- 4357
TTY (312) 913-3122

**Travel Information Center and RTA Reduced Fare Card**
Call 836-7000 from any local area code in the six-county region
TTY (312) 836-4949
www.rtachicago.com

**RTA Transit Benefit Fare Program**
(800) 531-2828

**Chicago Transit Authority**
567 West Lake Street
Chicago, Illinois 60661
1-888-968-7282
www.transitchicago.com

**Metra**
547 West Jackson Boulevard
Chicago, Illinois 60661
(312) 322-6777
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